



HeiTech[®]

HEITECH PADU BERHAD

199401024950 (310628-D)

**ANNUAL
REPORT
2022**

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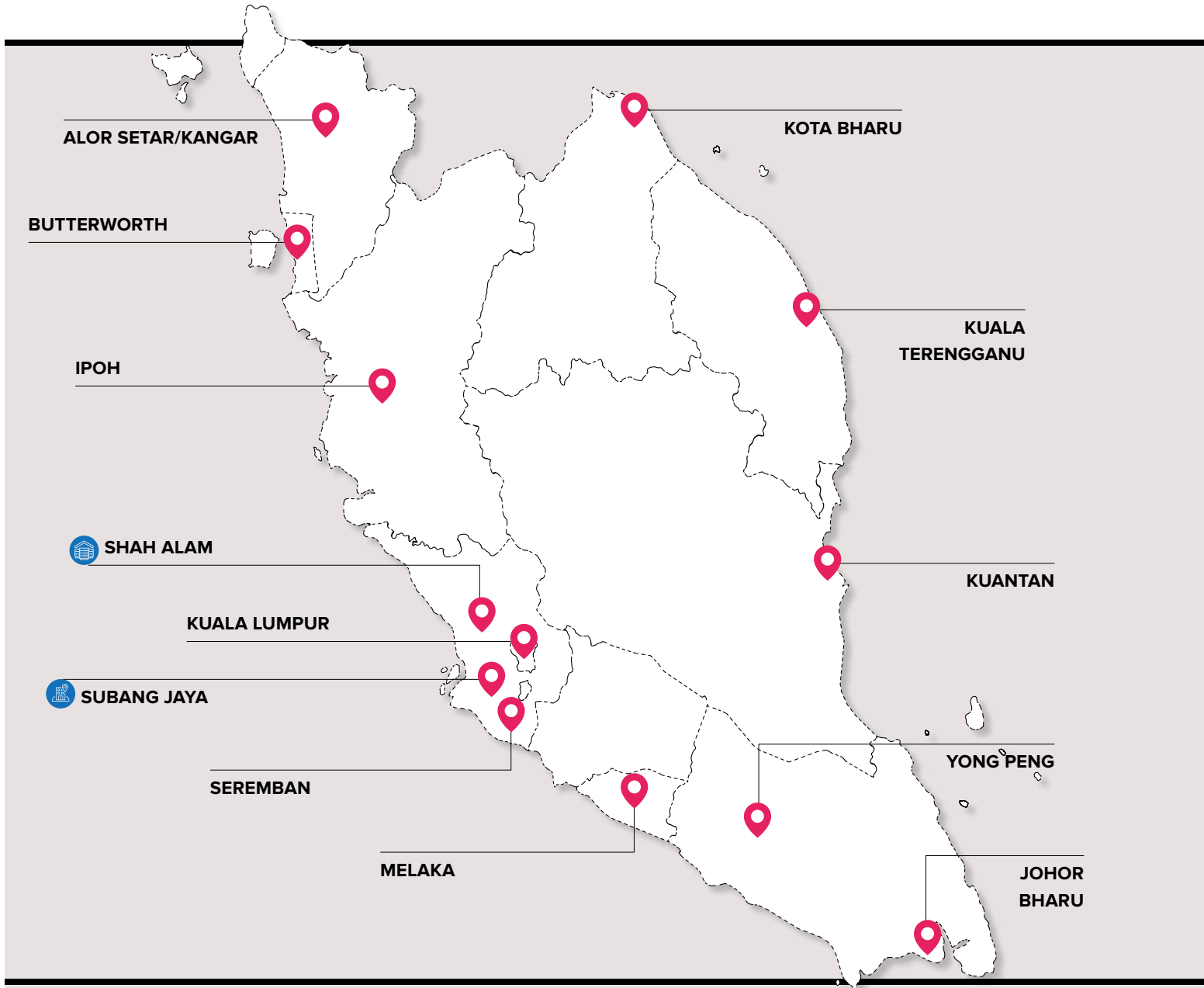
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You can find this Annual Report and additional information about HeiTech Padu Berhad on our corporate website.

FACTS AT A GLANCE



Paid-up Capital

RM101.2
million



Headquarter

**Menara HeiTech Village,
Subang Jaya**



Data Centre

**HeiTech Village 2,
Shah Alam**

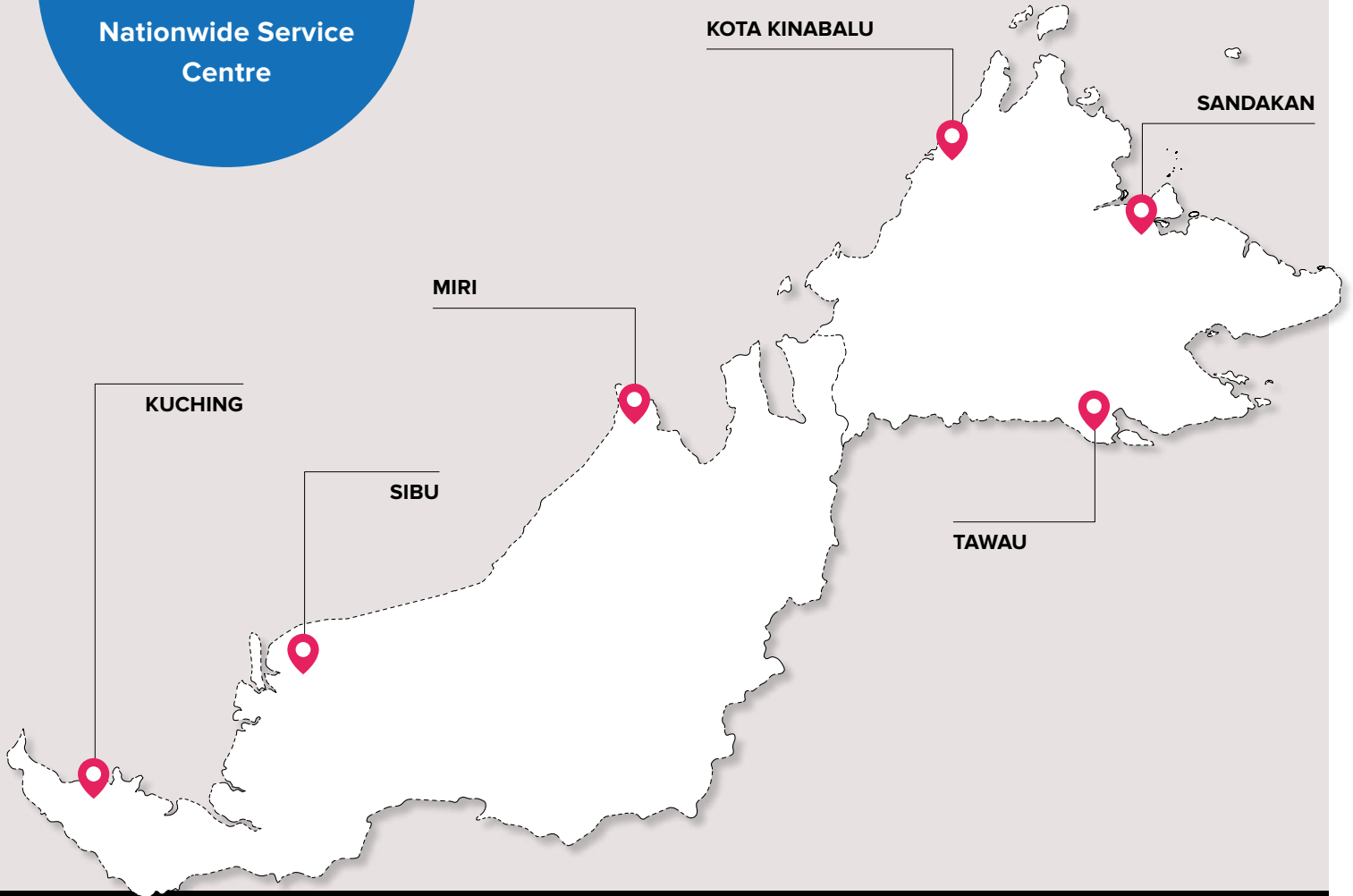


FACTS AT A GLANCE

19
Nationwide Service
Centre

Incorporated on
5th August 1994

Listed on Bursa Malaysia Securities Berhad
(Main Market) on
20th November 2000



27 Years
in Global IT
Industry



989
Staff Strength



183
Certified IT
Professionals

CORPORATE PROFILE

VISION

We aim to be
“the trusted technology
partner to enable
customers’
vision”

MISSION

We fulfil this ambition
by “touching lives
with innovative
solutions”

WHO WE ARE

HeiTech Padu Berhad is Malaysia’s homegrown market leader in the ICT industry providing innovative solutions spanning from system integration, managed infrastructure services to niche solutions across all market segments.



CORE VALUES



INTEGRITY

- Accountability
- Trustworthy
- Fairness



PASSION FOR EXCELLENCE

- Service Beyond Expectation
- Role Model
- Responsiveness



DYNAMISM

- Stay Ahead
- Professionalism
- Versatility



PEOPLE CENTRIC

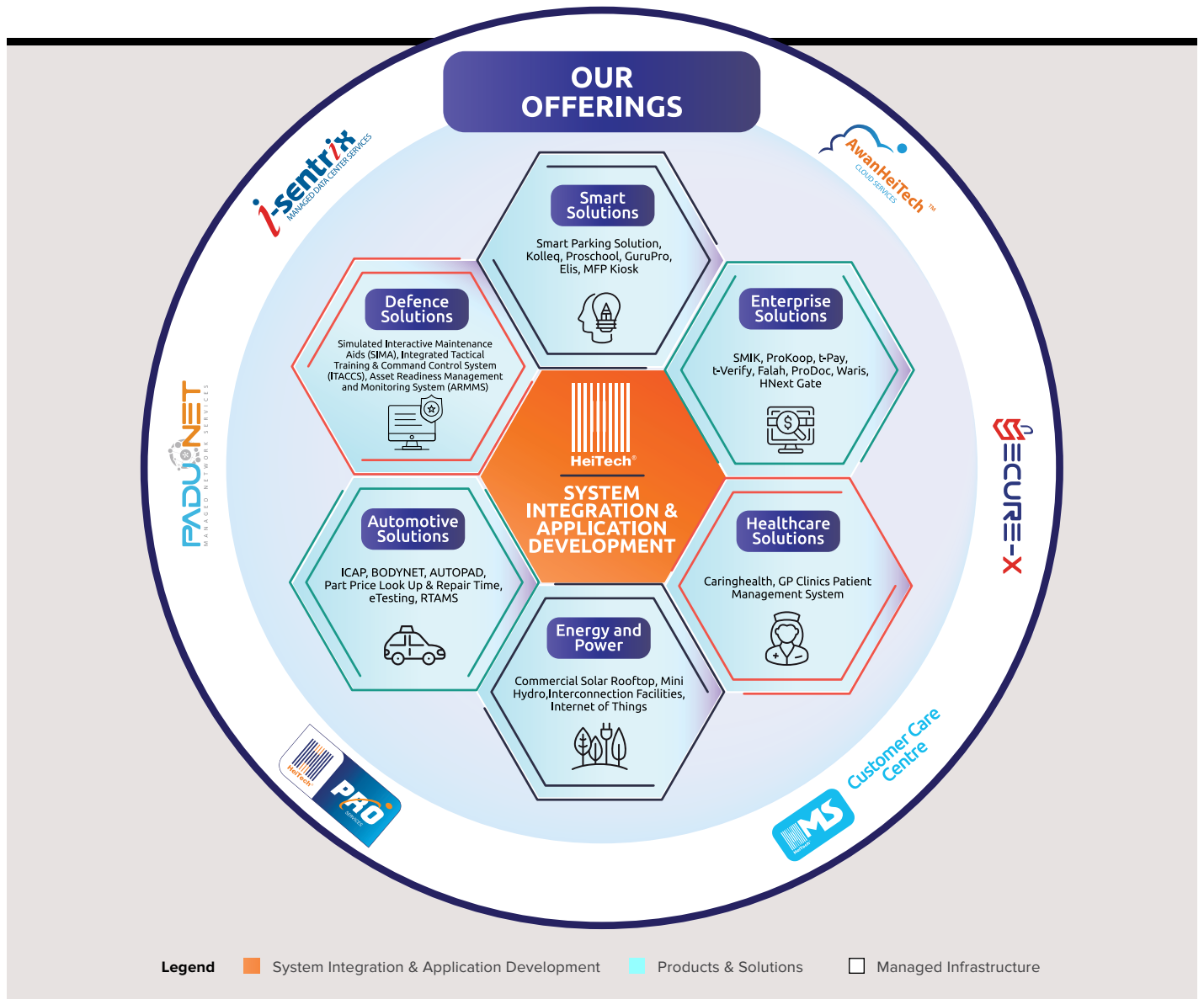
- Customer Centric
- Developing Talent
- Respect

WHO IS HEITECH PADU BERHAD

HeiTech Padu Berhad (“HeiTech”) is a Malaysian information technology (“IT”) company that offers a range of services, including system integration, application development, managed infrastructure services and innovative solutions across the sectors.

As a global ICT system and technology services provider, we have touched the lives of Malaysians and citizens all over the world. By embracing cutting-edge technologies, we have been involved in transforming our customers business operations through digitisation and digitalisation. Our strong focus in innovation and collaboration with our stakeholders led to the successful implementation of several large-scale IT projects, including the development of the Malaysian Electronic Government (e-government) initiative.

We humanise IT systems by prioritising user experience and incorporating user-centric design principles into our products and solutions. This is in line with our vision, to be the trusted technology partner to enable our customers’ vision.

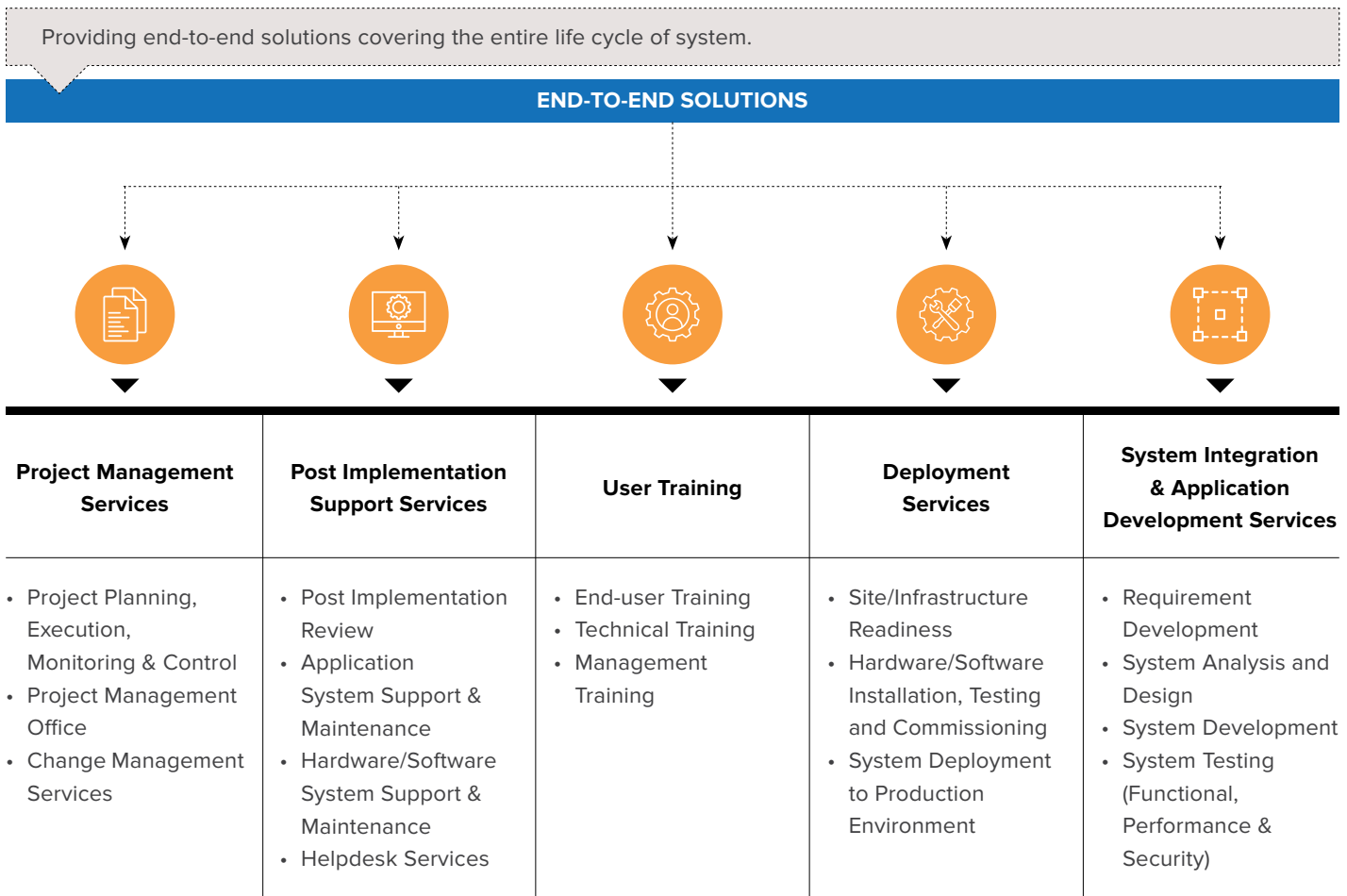


CORPORATE PROFILE

SYSTEM INTEGRATION AND APPLICATION DEVELOPMENT

System Integration is HeiTech’s core business where we provide customised application development and maintenance services to cater to the specific needs of customers from different industries.

Being an end-to-end solutions provider, we offer complete project implementation services which includes project management services, systems management services, deployment services, user training, and post implementation support services. Our System Integration & Application Development is governed by two de-facto standards, CMMI and TMMI. These are our core capabilities that have kept us going for the last 25 years and still standing.



PRODUCTS AND SERVICES

HeiTech has developed multiple products and services that we had successfully marketed to cater for customers' needs across various industries.

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6

Smart Solutions

Smart Parking Solution ("SPS")

Smart Parking Solution is a seamless application for parking payment which upgrades the conventional way of parking using coupon. The smart parking application uses an IoT-based system that sends data on the availability of parking places via mobile device. Using state of-the-art technology and fueled by data, HeiTech's Smart Parking Solutions aims to provide peace of mind by improving the quality of life of the rakyat.

Our Smart Parking Solution offerings include:

- Smart parking spot sensor
- Real time parking tracking
- Online platform with data analytics dashboard
- Reload eWallet, parking reservation, history tracking
- Public mobile application
- Park n Pay, purchase monthly passes, pay compound & eWallet
- Enforcement application issue compound, targeted enforcement & ANPR
- eCoupon agent application
- Park n Pay and reload eWallet
- API integration to 3rd party custom platforms and mobile applications

Mobile Application Payment Solutions ("Kolleg")

Kolleg is a revenue collection ecosystem that helps to improve collection and resilience against credit losses. Kolleg was designed to help organisations to migrate into digital first collection thus modernising the way collections process is being done and debt is being managed.

Kolleg ecosystem comes with customisations, real time payment updates, marketing support, rewards and notifications. It puts the sustainability in the revenue collection strategy and it also comes with attractive commercial offerings.

School Management Systems ("Proscool")

Proscool is a full-fledged school management systems that comprises of students and teachers management, learning management system (LMS), payment facilities, absentees management, online examinations and results as well as parents management.

It is equipped with mobile application for online learning and homework management. Proscool is currently marketed only in Indonesia.

"We need technology in every classroom and in every student and teacher's hand, because it is the pen and paper of our time, and it is the lens through which we experience much of our world."

Mobile Application for teachers and students ("GuruPro")

GuruPro is a mobile application that helps teachers and students to interact with each other and manage the day to day operations such as online learning, homework management, online examinations, private or group lessons and subject materials.

"The future of education is in the palm of your hands and we simply connect the dots by merging the teachers and students in a single platform thus making education fun, mobile and above all free from constraints."

CORPORATE PROFILE

Electronic Licensing (“Elis”)

Elis is electronic license issuance system where it helps organisations to manage the licenses issuance more effectively. The objectives of the system are:

- | | |
|--------------------------------|-------------------------------|
| • Manage licenses applications | • Payment of licenses |
| • Inspection management | • Secure digital certificates |
| • Manages enforcement | • Automatic reminders |

Online Dashboard System (“Ezbill”)

Ezbill is a dashboard system to assist local council’s operational activity in disseminating notice assessments, notification and distribution. EzBill helps to induce prompt payments from customers, track document trails, compile and analyse data through heat maps and deliver secured documents to thousands of people via email or short messaging service, with just a single click.

Multi-Functional Government Self Service Kiosk Solutions (“MFP Kiosk”)

Our MFP Kiosk solution is simple, customisable and it allows implementation on a number of different services, all from the same device and based on our customers’ specific needs. The kiosk comes with Built-in Interactive Touch, Inkjet Printer, LaserJet Printer and Credit & Debit Card Reader with Encrypted Pin Pad MyKad Biometric Reader.

1 2 3 4 5 6 Enterprise Solutions

Cooperative Solution

- **Sistem Manajemen Informasi Koperasi (“SMIK”)** is a core cooperative application system for the cooperatives. This platform provides seamless cross transaction service within multiple cooperatives and also with external parties. The SMIK apps is ready to be used and available for download in Google Play. SMIK offers a variety of features such as savings, financing, endowment, charity, merchant, and credit top-up. These features are also offered on a customised basis to cater the needs of members of cooperatives. SMIK is currently being implemented in Indonesia.
- **ProKoop** is a web based and mobile application system for cooperative currently being used in Indonesia. The application enable users to enrol cooperative membership, apply loan, make transactions, execute Annual General Meeting and vote through the application.

Payment Gateway Solutions (“t-Pay”)

t-Pay is a secured and reliable online payment solution that ensure payment acceptance from any channels; credit/debit card, on-line banking and e-wallet. One notable strength of t-Pay is it allows no code integration, hence Zero IT knowledge is required for businesses to start using t-Pay. t-Pay comes with a built-in check-out flow so customers can skip the hassle of creating websites to share products and services catalogue. It also provides sharable link so that customers can click, browse and make payment for purchase.

e-KYC Solutions (“t-Verify”)

t-Verify is the electronic Know Your Customer (e-KYC) application and is made up of 2 products, t-VerifyID and t-VerifyFace. T-VerifyID digitally verify real customer identity anytime, anywhere in 30 seconds. During online onboarding process, t-VerifyID creates trusted user identity that allow user to identify himself/herself using a government issued ID such as MyKad. t-VerifyFace enable liveness to be added to e-KYC application to protect against stolen ID. This feature enables biometric technology to be used in the application to enhance security. Face matching algorithm is then used to confirm the owner of the ID is present at the time of the digital identity verification process.

Mobile Application for Islamic transactions (“Falah”)

Falah is a mobile application to help Islamic organisation to digitalise its operations, management of sadaqah and others such as khairat kematian, wasiat and hibah.

The application is equipped with learning management system for authorised “penceramah” to promote knowledge and engage with students digitally and in a personalise manner. Donations are process in real time and the spreading of Islam has never been so personalise through falah.

“For every cents you donated in the name of Allah, you will be rewarded tenths fold.”

Document Management System (“Prodoc”)

ProDoc is a document management system which is the door to digitalisation. It manages the whole entire ecosystem of digitalisation right from the scanning process to creating digital assets till its destructions.

The system is equipped with physical document digitalisation process, document management system for retrieval and management. Dubbed as the Netflix of documents by the way the documents are displayed, it is a progressive system where digital assets are cared and treasured for future consumptions.

Will Management System (“Waris”)

Waris was designed to help people to create and manage their inheritance through wasiat. It is a web based system where creation of wasiat is easy and fast. The system comprises of wasiat and hibah creation.

The system follows the standard wasiat and hibah process for Majlis Agama Islam Selangor. The ultimate objective of the system is to manage the whole ecosystem of wasiat, faraid and wealth distribution digitally.

Integration Platform (“HNext Gate”)

HNext Gate is an interoperability enabler that links various agencies into one or more electronic channels. It is able to integrate multiple agencies running on different types of systems and platforms, while being able to share data across agencies and stakeholders in real-time with zero errors.

HNext Gate is able to manage high volume transactions on a scalable architecture. It can be accessed by multiple channels such as Counter Operations, Web Portals, and Mobile Devices even with low bandwidth. Developed on open source platforms, HNext Gate runs on Intel based machines which are easily scalable and free from the needs to have license based software.

Among the features of our HNext Gate are, but not limited to:

-
- Integration with peripheral devices such as printers, biometric and card readers
 - Integration with client’s main system
 - Audit trail
 - User ID management
-

CORPORATE PROFILE

1 2 3 4 5 6 Healthcare Solutions

Hospital Information System (“Caringhealth”)

Caringhealth is a hospital information system with modules for clinical services, clinical support services, ancillary module and interoperability module. It enables doctors to assess patients’ electronic medical record anytime, anywhere.

Caringhealth’s interoperability module allows the integration with other third-party application systems and medical devices, enhancing the exchange of information between different healthcare providers and systems, thus improving patient outcomes. This module also supports real-time decision-making, enabling clinicians to make informed decisions that optimise the patient experience and health outcomes. Caringhealth provides essential modules such as billing and payment, medical record, diet and food services and staff management to ensure the efficiency of hospital operations. Caringhealth can be accessed via web and mobile app, providing easy and convenient access to patient data and healthcare providers, thus improving the overall patient experience.

1 2 3 4 5 6 Energy and Power

HeiTech through our subsidiary company, HeiTech Eco Energy Sdn Bhd (“HECO”) offers four main services in the renewable energy sector:

Commercial Solar Rooftop

Involves the installation of solar panels on the rooftops. HeiTech offers 2 types of purchase mode to the clients; Outright purchase or Zero Investment method whereby the client will pay the cost of the solar system with discounted tariff through Power Purchase Agreement (PPA). We provide consultation, design, installation, and maintenance services for solar rooftop systems to help clients to reduce their electricity costs and carbon footprint.

Mini Hydro

Provides feasibility studies, design, and installation as well as maintenance services for mini hydro systems. Through strategic collaboration with the state government of Terengganu, HeiTech has successfully won an e-bidding mini hydro project by Sustainable Energy Development Authority (SEDA).

Interconnection Facilities (“IF”)

The company designs and builds infrastructure that enables the transmission and distribution of electricity from renewable sources.

Internet of Things (“IoT”)

IoT technology involves using sensors and other devices to collect data on energy usage, optimize energy efficiency and monitor system performance. This service can help clients better understand their energy consumption and identify ways to reduce waste. Among the technology invented are energy mobility and portability for smart city and creation of adaptive solar power box for the rural areas.

1 2 3 4 **5** 6 **Automotive Solutions**

HeiTech through our subsidiary company, Motordata Research Consortium Sdn Bhd (“MRC”), offers a range of services, in the automotive industry. The following are among MRC’s products and solutions in the market:

- **ICAP** - Integrated Claims and Automotive Portal is database for motor claims’ estimation and compensation.
- **BODYNET** - Web based system to manage vehicle repair bodyshops.
- **AUTOPAD** - Mobile estimating system for a handheld (tablet) devices and also PCs.
- **Part Price Look Up and Repair Time** - Extensive search for franchise parts price database and detailed vehicle repair methods to facilitate safe and effective repair.
- **Business Intelligence Reporting Tool** - Data analysis tools for the motor insurance stakeholders to allow analyse, benchmark and immediate claims performance monitoring.
- **Training via MRC Academy and e-Learning portal (eCademy)** - Training programs which includes technical courses, insurance managements as well as customised courses tailored specifically to automotive users.

HeiTech through HeiTech Next (“HNext”) has developed automotive solutions for the industry. Among the products and solutions are:

PintarDrive (“eTesting”)	Road Transport Authority Management System (“RTAMS”)
<p>eTesting is the country’s first homegrown automatic and integrated circuit driving test. PintarDrive saves time, allows online monitoring for the test circuit outcome thus ensuring a faster and tamper-free information flow.</p> <p>With eTesting, driving institutes will be able to automate and shorten the driving test process thus reducing the time to issue licenses from 3 days to 1 day. This also ensures that more students can be tested. PintarDrives employs GPS technologies which allows the test flow to be fully monitored and provide accurate results without bias to the candidates.</p>	<p>RTAMS provides transport authority with a structure to manage the transportation industry efficiently and effectively. It ensures optimum execution in its operation where the system provides accurate records immediately. Complete with intuitive interface and user-friendly system, RTAMS also ensures ease of operations internally.</p> <p>RTAMS ensures to provide expediency and accuracy by managing the following procedures which are key to the transport industry:</p> <ul style="list-style-type: none"> • Registration Management • Licensing Management • Enforcement Management • Revenue Management

1 2 3 4 5 **6** **Defence Solutions**

HeiTech through its subsidiary HeiTech Defence Sdn Bhd (“HDS”), has developed defence solutions that include:

- **Training and Simulation Services**
- **Simulated Interactive Maintenance Aids (SIMA)**
- **Integrated Tactical Training & Command Control System (ITACCS)**
- **Asset Readiness Management and Monitoring System (ARMMS)**

CORPORATE PROFILE

MANAGED INFRASTRUCTURE

HeiTech offers a complete range of Managed Infrastructure Services which is a horizontal services to support and complements the Group's products and services. The services include security services, cloud hosting, network management and data centre



Secure-X Managed Security Services

As managed security services provider, we combine key elements of people, processes and technology, offering 24 x 7 security operations and support. The combined experience of our technical expertise allows for deployment of multi-technology, either 'on premise' or hosted solution, handling of different security threat landscape, in accordance to the necessary compliance, regulatory or standards such as Information Security Management System (ISO/IEC 27001:2013) and Malaysian Personal Data Protection (PDPA). We are committed to ensure the safety and security of customer critical business data, providing security insight on their system.

Secure-X is a product suite that provides leading-edge managed cyber security services solutions with the aim of helping clients achieve their digital transformation goals by unlocking value from the latest cyber security technologies. Secure-X product suite consist of the followings: -

- **precribePod** - Tailored organization's cybersecurity design landscape and deploy according to the best practice and proven technology.
- **practisePod** - Manage policies, controls, risks, assessments, and deficiencies across your entire business.
- **curePod** - Intelligence-driven and people-enhanced SOC with Risk-Based Vulnerability Management (RBVM) to increase the protection from cyber security threats.
- **cyberKnowledgePod** - Bridge your organization's cyber security skills gap with exclusive training courses, certifications and real-world exercises led by top experts in the field.



AwanHeiTech Cloud Computing Services

We offer flexible cloud computing services, tailored to our client's specific business requirement—from building a private cloud, hosting cloud infrastructure to managing shared cloud services. Our cloud computing services help streamline clients' budgets as they are economically- friendly on capital expenditure, hardware refresh cycles, hardware-software operations and maintenance expenses. Our suite of cloud services consists of:

- Infrastructure as a Service
- Storage as Service
- Disaster Recovery as a Service
- Data Protection as a Service
- Desktop as a Service
- Platform as a Service

AwanHeiTech received 2020 Frost & Sullivan Asia – Pacific Best Practice Award for Competitive Strategy Innovation and Leadership in the Malaysia Cloud Infrastructure Services Industry.



Padu*Net Managed Network Services

As Malaysia's largest non-telecommunications service provider, our network services support multi-protocol applications into one secured private network. Our network infrastructure also consists of multiple telecommunications and trunk carriers. This network diversity enables us to offer excellent connectivity and availability to our clients.

We are committed in providing up to 99.9% network service availability to our clients, at all times. This commitment is realised through our centralised monitoring and around-the-clock customer service. We also assist our customers to develop, build and managed network infrastructure and services. Our network services consists of the following technologies:

- Software Defined Wide Area Network ("SD-WAN")
- Managed Multi-Protocol Label Switching ("MPLS")
- Managed Internet Protocol Virtual Private Network ("IPVPN")
- Managed Metro Ethernet ("Metro-E")
- Managed Leased Line
- IP Broadband ("DSL")
- LTE 4G / 5G (future)
- Very Small Aperture Terminal ("VSAT")
- Wireless Leased Line
- Branch in a Bag
- Performance Monitoring
- High Speed Broadband

services, which help our customers to utilise our services to achieve their business objectives.



i-Sentrix Managed Data Centre Services

We own and manage a Tier-IV ready Data Centre providing world class services of developing, building and managing data centre facilities for our clients. The combination of experience and technical certification such as Information Security Management System (ISO/IEC 27001:2013), Quality Management System (ISO/IEC 9001:2015) and Information Technology Service Management System (ISO/ IEC 20000-1:2011) has enabled us to provide the high standard of qualities that meets the demand of many organisations in terms of service level, availability, data integrity and security.

Our suite of Data Centre Services consists of:

- Data Centre Management Services
- Infrastructure Development & Management Services
- Business Recovery Management Services
- Mainframe Technical Services



Pro*Services ICT Maintenance & Deployment

We offer ICT Maintenance and Deployment services nationwide, particularly to organisations that have multiple branches. Our dedicated on-site engineers provide 24x7x365 support to customers in attending to problems and rectifications. With the establishment of 19 Universal Service Centre (USC) nationwide, we have extended our services to data recovery services, telco value-added services and ICT hardware repair services.

Our suite of services consist of:

- ICT Maintenance Services
- ICT Deployment Services
- Co-Location & ICT Infrastructure
- Telco Value-Added Services
- Universal Service Centre (USC)



**Customer Care Center
Your One-Stop Support Center**

HeiTech, through our 24-Hour Helpdesk Services helps our customers to deliver precise, timely and efficient customer resolution and back-end support via a range of comprehensive solutions. Our service offering comprise of:

Incident Management

- Incident Receiving, Logging and Prioritisation
- Incident Assignment, Diagnosis and Escalation
- Incident Resolution
- Incident Reporting and Reviewing

Service Level Management and Reporting

- Benchmarking Analysis
- Providing service level reporting and analysis at agreed intervals

Network Monitoring of branch connectivity

- Monitoring services for customer's branch online connectivity using Network Management system

Onsite Support services

- Placement of dedicated personnel at customers' premises to focus on customers' IT operations

HIGHLIGHTS AND ACHIEVEMENTS

	<p>Conferred the SASE Partner of the Year FY22 Award from Palo Alto Networks.</p>	
<p>Launched of HeiTech's in-house digital identity solutions, t-Pay for payment gateway and t-Verify for eKYC.</p>		<p>Awarded the Malaysia Education & TVET Award 2022 for the Malaysian Best Automotive Training, Analysis and Data Centre via Motordata Research Consortium Sdn Bhd.</p>
	<p>Secured RM38.6 million contract from Ministry of Higher Education, Malaysia for leasing of ICT equipment.</p>	
<p>Successful implementation and deployment of HeiTech's HIS@KKM Lite version system on Cloud Environment and the establishment of an onsite data center for Hospital Bera and Hospital Cyberjaya.</p>		<p>Launching of Kulim Smart Parking</p>
	<p>Secured an e-bidding mini hydro project via DomainEdge Sdn Bhd, a subsidiary of HeiTech through strategic collaboration with the state government of Terengganu to develop small hydro power plants with a total capacity of 2.85 MW in Sg La, Terengganu with a basic FiT rate of RM0.2245 per kilowatt-hour.</p>	
<p>Awarded the Malaysia Technology Excellence Award 2022 for Cybersecurity - IT Services & SD - WAN - Technology</p>		<p>Awarded RM10.5 million contract from Road Transport Department of Malaysia for the maintenance and technical support for mySIKAP.</p>

HIGHLIGHTS AND ACHIEVEMENTS

Successful **deployment of Proschool**, a school management application to 10 schools in Indonesia.



FINANCIAL

Total Assets of

RM297.0

million



Secured **RM43.8 million** contract for the maintenance of managed wide area networks infrastructure services for Permodalan Nasional Berhad and Amanah Saham Nasional Berhad.

Revenue of

RM293.9

million

Secured **RM13.2 million** contract from Road Transport Department of Malaysia for the maintenance and technical support services for hardware and software of mainframe systems.



Launched of **HeiBot**, an in-house interactive and digitalised new channel of communication between HeiTech's employee and HeiTech Call Center.

EBIITDA of

RM8.1

million



Conferred the **Innovation Award 2022**, under the category of ICT during Hari Inovasi Peringkat Negeri Pulau Pinang for Aspire Seberang Perai.



Awarded **RM66.8 million** from the Ministry of Defence, Malaysia for the maintenance of Tactical Operational Flight Trainer, Computer Based Training, Facility and Enhance Training Aid System Di Bangunan Simulator Sukhoi 30-MKM.



HIGHLIGHTS AND ACHIEVEMENTS

HeiTech in the Media

06 July 2022

Heitech Padu wins RM43.8 mil network contract from PNB, ASNB

FreePress.com | @freepresscom.my
Jul 06, 2022 15:22:58+08



KUALA LUMPUR (July 6): Heitech Padu Bhd has bagged a contract worth RM43.8 million to

08 September 2022



REGTECH/REGULATION

Heitech Padu-Backed tekkiis Launches eKYC and Payments Solution

By FinTech News Malaysia | September 8, 2022 | 9 minutes

eKYC company tekkiis, backed by HeiTech Padu Berhad, launched eKYC software solutions called eKYC and Verify to enable businesses to collect payments and onboard verified customers through reusable payment links and embedded identity verification.

It can be integrated into any website or app to accept online payments. It also comes with features that give businesses the ability to save their favour for payees and add them to pre-filled payment forms, as well as create payment links for fixed and variable amounts.

Verify helps companies ensure that their customers are real people with verified identities. The solution allows users to scan their phone ID from any device and utilizes business databases that allow the system to detect the genuine presence of users through selfie verification.

09 September 2022

HeiTech Padu bags RM67 mil maintenance contract from Mindef

FreePress.com | @freepresscom.my
Sep 09, 2022 15:05:48



KUALA LUMPUR (Sept 9): HeiTech Padu Bhd has bagged a RM66.84 million contract from the

06 September 2022

Majlis Perbandaran Kulim lancar 'Kulim Smart Parking'



Semua ahli Majlis Perbandaran Kulim, Anjal Zula (dari kiri bersama Naib Presiden Eksekutif, Heitech Padu Berhad, Abdul Halim Md Lazim) melancarkan smart parking pada majlis pelancaran Kulim Smart Parking di Pusat Perdagangan Siraw berhampiran Kulim Tengah Mall.



28/09/2022 04:41 PM

HIGHLIGHTS AND ACHIEVEMENTS

19 October 2022

Projek hidrokuasa kecil bakal dibangunkan di Besut



Ahmad Saman (tengah) ketika majlis 'kick off' projek pembangunan hidrokuasa kecil di Sungai La, Besut

KUALA LUMPUR: Kerajaan negeri Terengganu menerusi anak syarikat miliknya, MBI Modal Sdn Bhd serta rakan usaha sama satu HeiTech Padu Sdn Bhd dan Inter Global Hydro Sdn Bhd bakal memulau pembangunan projek di Terengganu. Khususnya kawasan luar bandar melalui projek pembangunan hidrokuasa kecil di Sungai La, Besut.

Menteri Besar Terengganu, Datuk Seri Dr Ahmad Saman berkata, bina projek berkapasiti 2.85 megawatt tenaga itu dilihat sebagai penyelesaian tenaga boleh baharu yang kekal dalam menjadi penyelesaian osaran bekalan elektrik terutamanya di kawasan luar bandar yang terpencil.

20 October 2022

TOPICS | [DEIS Spotlight](#) | [ESG](#) | [Urban Resilience](#) | [Smart Hub](#) | [Pilot Area](#) | [SOBA 2022](#) | [Covid-19 Update](#)

Heitech Padu gets RM13mil deal extension

19 October 2022

State-owned MBI Modal, HeiTech Padu and Inter Global Hydro to jointly develop mini hydropower plant in Terengganu



16 January 2023

23 March 2023

HIGHLIGHTS AND ACHIEVEMENTS

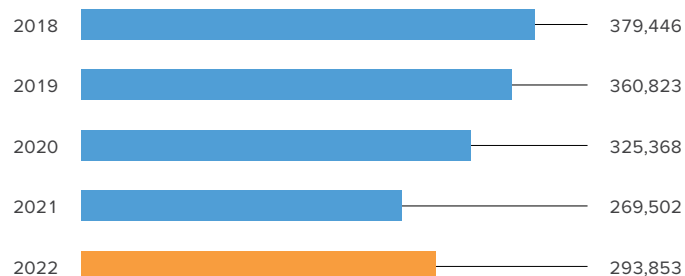
SIMPLIFIED SELECTED FIVE (5) YEARS GROUP REVIEW

	2018 RM'000	2019 RM'000	2020 RM'000	2021 RM'000	2022 RM'000
REVENUE					
Network Services Fees	51,367	56,601	51,028	54,259	52,671
System Application and Development	59,296	125,946	43,392	63,017	59,742
Disaster Recovery and Facility Management Services	40,443	35,406	55,722	23,857	20,097
Maintenance of Hardware, Software and Application	97,930	94,115	113,222	79,353	96,669
Managed Security Services	-	-	-	20,078	31,571
Mailing and document processing services	18,046	11,681	13,389	1,680	1,994
Engineering works	86,013	10,725	10,574	1,581	1,629
Database management services	6,528	7,795	8,354	18,009	19,799
Software support and licence fees	3,303	2,996	-	653	653
Mobile value added services	3,754	2,761	1,429	-	-
Others	12,766	12,797	28,258	7,015	9,028
	379,446	360,823	325,368	269,502	293,853
PROFITABILITY					
(Loss)/Profit Before Tax (RM'000)	(36,431)	6,636	13,321	(16,128)	(9,322)
(Loss)/Profit Before Tax Margin (%)	-9.6%	1.8%	4.1%	-6.0%	-3.2%
(Loss)/Profit After Taxation (RM'000)	(36,786)	6,219	13,127	(16,381)	(10,039)
(Loss)/Profit Attributable to Shareholders (RM'000)	(27,064)	7,429	10,976	(15,778)	(9,869)
Earnings per Share (RM)	-0.2674*	0.0734*	0.1084*	-0.1559*	-0.0975*
ASSETS EMPLOYED					
Total Assets (RM'000)	313,562	324,789	377,311	300,964	296,968
Fixed Assets (RM'000)	98,245	80,509	87,065	110,111	109,657
Net Current Assets (RM'000)	9,209	40,203	47,519	26,383	7,994
Current Ratio	1.04	1.21	1.20	1.16	1.04
Gearing Ratio	53%	57.8%	59.6%	56.2%	64.5%
Debt/Equity Ratio (%)	1.77	1.79	1.96	1.91	2.28
Shareholders' Fund (RM'000)	105,955	113,215	123,634	97,291	87,768
Net Tangible Assets per Share (RM)	0.95	1.05	1.12	0.85	0.72
Share Capital (RM'000)	117,751	117,751	117,751	117,751	117,751
Share Capital units ('000)	101,225	101,225	101,225	101,225	101,225

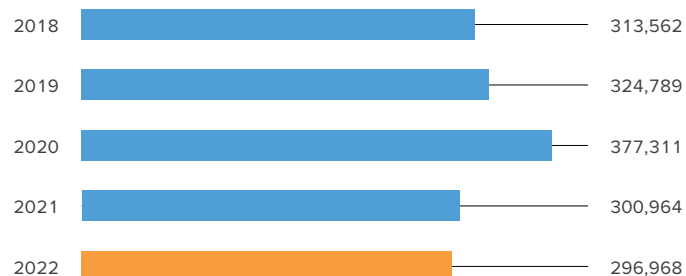
* Based on the weighted average of 101,225,000 ordinary shares of RM1.00 each

HIGHLIGHTS AND ACHIEVEMENTS
HIGHLIGHTS AND ACHIEVEMENTS
Revenue

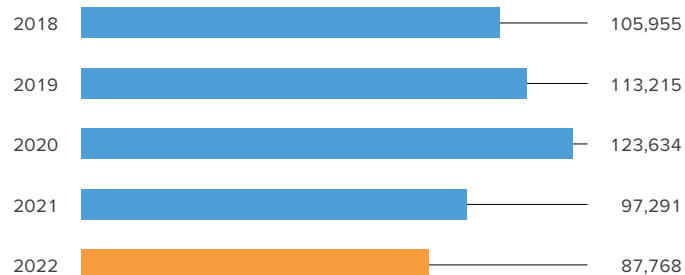
(RM'000)


Total Assets

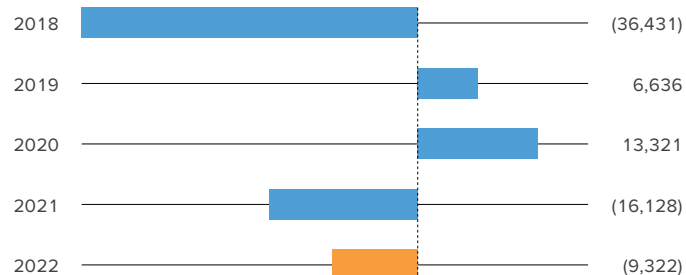
(RM'000)


Shareholders' Fund

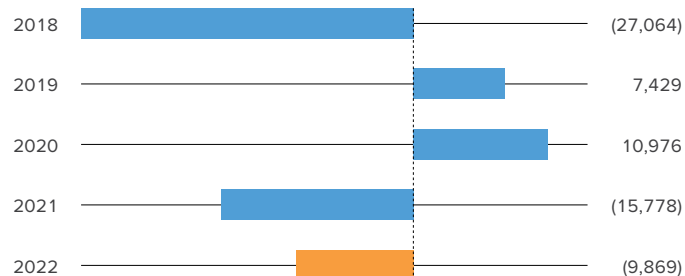
(RM'000)


Profit before Taxation

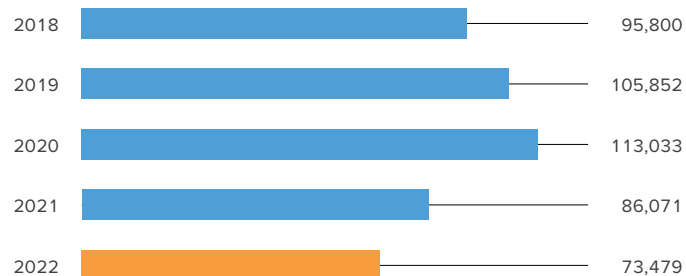
(RM'000)


Profit Attributable to Shareholders

(RM'000)


Net Tangible Assets

(RM'000)



DISCLOSURE TO BURSA MALAYSIA

No	Date	Announcements
1	29 March 2023	HeiTech Padu Berhad [199401024950 (310628-D)] ("HeiTech" Or "The Company") ESDC Technology Sdn Bhd ("Plaintiff") VS HeiTech Padu Berhad ("Defendant")
2	27 March 2023	HeiTech Padu Berhad [199401024950 (310628-D)] ("HeiTech" or "The Company") Kuala Lumpur High Court Suit No: WA-22NCVC-72-02/2023 Pertubuhan Keselamatan Sosial (Plaintiff) VS HeiTech Padu Berhad (Defendant)
3	01 March 2023	HeiTech Padu Berhad [199401024950 (310628-D)] ("HeiTech" or "The Company") Kuala Lumpur High Court Suit No: WA-22NCVC-72-02/2023 Pertubuhan Keselamatan Sosial (Plaintiff) VS HeiTech Padu Berhad (Defendant)
4	27 February 2023	Quarterly Report on Consolidated Results for The Financial Period Ended 31/12/2022
5	27 January 2023	Acceptance on the Letter of Award "LOA" for Perkhidmatan Sewaan Berpusat Peralatan ICT Secara Sewa Guna di Lima (5) Buah Zon Untuk Kegunaan Kementerian Pengajian Tinggi Bagi Zon 1: Johor, Melaka Dan Negeri Sembilan.
6	27 January 2023	Dealings In Listed Securities (Chapter 14 of Listing Requirements) - Intention to Deal During Closed Period
7	03 January 2023	Change of Company Secretary - Siti Shahwana Binti Abdul Hamid
8	03 January 2023	Change of Company Secretary - Zainal Amir Bin Ahmad
9	29 November 2022	Quarterly Report on Consolidated Results for The Financial Period Ended 30/09/2022
10	10 November 2022	(Amended Announcement) Dealings In Listed Securities (Chapter 14 of Listing Requirements) - Dealings During Closed Period
11	10 November 2022	Changes In Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
12	10 November 2022	Changes In Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Padujade Corporation Sdn Bhd
13	10 November 2022	Dealings In Listed Securities (Chapter 14 of Listing Requirements) - Intention to Deal During Closed Period
14	10 November 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
15	03 November 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
16	03 November 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
17	03 November 2022	Dealings In Listed Securities (Chapter 14 of Listing Requirements) - Dealings During Closed Period
18	03 November 2022	Changes In Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Padujade Corporation Sdn Bhd
19	02 November 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
20	02 November 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Padujade Corporation Sdn Bhd
21	02 November 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
22	02 November 2022	Dealings in Listed Securities (Chapter 14 of Listing Requirements) - Dealings During Closed Period
23	28 October 2022	Dealings in Listed Securities (Chapter 14 of Listing Requirements) - Intention to Deal During Closed Period
24	26 October 2022	Dealings in Listed Securities (Chapter 14 of Listing Requirements) - Dealings During Closed Period
25	26 October 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
26	26 October 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Padujade Corporation Sdn Bhd
27	26 October 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
28	19 October 2022	Extension of Contract for Maintenance and Technical Support Services for Hardware and Software of Mainframe Systems for The Road Transport Department of Malaysia ("JPJ")
29	19 October 2022	Extension of Contract for Perkhidmatan Penyelenggaraan Dan Sokongan Teknikal Bagi Infrastruktur ICT Serta Sistem Informasi Kenderaan dan Pemandu (MYSIKAP) di Semua Pejabat Jabatan Pengangkutan Jalan Malaysia
30	09 September 2022	Acceptance on the Letter of Award (LOA) for Kontrak Senggaraan Tactical Operational Flight Trainer (TOFT), Computer Based Training (CBT), Fasiliti Dan Enhance Training Aid System (ETAS) Di Bangunan Simulator Sukhoi 30-MKM, Air Defence Simulator System (ADSS) Serta Peningkatan Sistem Sedia Ada
31	07 September 2022	Dealings in Listed Securities (Chapter 14 of Listing Requirements) - Dealings Outside Closed Period
32	07 September 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib

No	Date	Announcements
33	07 September 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
34	05 September 2022	Dealings in Listed Securities (Chapter 14 of Listing Requirements) - Dealings Outside Closed Period
35	05 September 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
36	05 September 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
37	29 August 2022	Quarterly Report on Consolidated Results for the Financial Period Ended 30/06/2022
38	22 August 2022	Change in Risk Committee - Mr Chong Seep Hon
39	22 August 2022	Change in Risk Committee - Datuk Mohd Radzif Bin Mohd Yunus
40	12 July 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Padujade Corporation Sdn Bhd
41	12 July 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
42	12 July 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Padujade Corporation Sdn Bhd
43	12 July 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
44	06 July 2022	Acceptance of the Letter Of Award "LOA" to Supply, Delivery, Installation, Testing, Commissioning, Operations, and Maintenance of Managed Wide Area Networks Infrastructure Services for Permodalan Nasional Berhad and Amanah Saham Nasional Berhad (ASNB) For Five (5) Years.
45	24 June 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
46	24 June 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Padujade Corporation Sdn Bhd
47	23 June 2022	Change in Boardroom - Dato' Mohd Fadzli Bin Yusof
48	23 June 2022	Change in Risk Committee - Dato' Mohd Fadzli Bin Yusof
49	23 June 2022	General Meetings: Outcome of Meeting
50	23 June 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
51	23 June 2022	Changes in Substantial Shareholder Interest (Section 138 Of Companies Act 2016) - Padujade Corporation Sdn Bhd
52	14 June 2022	(Amended Announcement) Notification of a Successful Bidder under the Sustainable Energy Development Authority (Seda) E-Bidding Mechanism in Relation to The Development of Small Hydro Power Plants with an Installed Capacity of 2.85 Megawatt (MW)
53	13 June 2022	Notification of a Successful Bidder under the Sustainable Energy Development Authority (Seda) E-Bidding Mechanism in Relation to The Development of Small Hydro Power Plants with an Installed Capacity of 2.85 Megawatt (MW)
54	31 May 2022	Quarterly Report on Consolidated Results for The Financial Period Ended 31/03/2022
55	29 April 2022	Annual Report & CG Report - 2021
56	29 April 2022	General Meetings: Notice of Meeting
57	29 April 2022	Annual Audited Accounts - 31 December 2021
58	11 March 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib
59	11 March 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Padujade Corporation Sdn Bhd
60	09 March 2022	Changes in Substantial Shareholder Interest (Section 138 of Companies Act 2016) - Padujade Corporation Sdn Bhd
61	09 March 2022	Changes in Director's Interest (Section 219 of Companies Act 2016) - Dato' Sri Mohd Hilmey Bin Mohd Taib

FROM THE CHAIRMAN'S DESK

Dear shareholders,

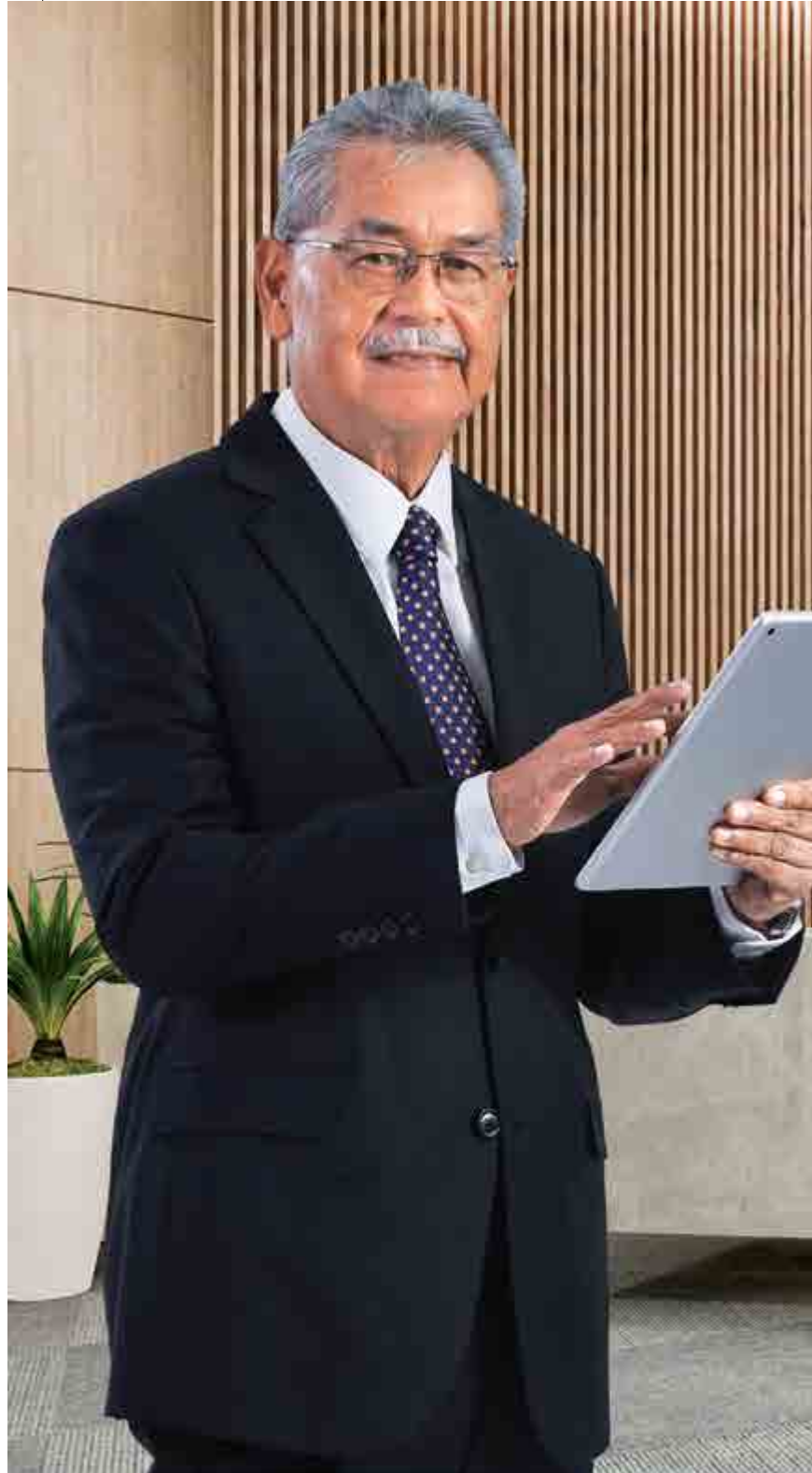
Assalamualaikum dan salam sejahtera,

On behalf of the Board of Directors (Board), it is a great honour for me to address the opening remarks and to present the Annual Report and audited financial statements of HeiTech Padu Berhad (HeiTech) for the financial year ended 31 December 2022.

Post pandemic period, there are organisations that have recovered while some are still in recovering mode. It can be said that HeiTech is also among those that were significantly affected and still within the recovery mode. It is important to highlight that our resilience has helped us to weather the challenges and to still remain relevant in the industry until today.

As we all know, HeiTech has been instrumental in setting up and maintaining the systems of major governmental agencies that are powering Malaysia. However, we understand that to survive in today's everchanging economic and technological landscapes, we need to move further into the realm of our core capabilities and offerings. As such, apart from our existing system development and integration, maintenance and managed services, we had made our move into mass and transactional markets by offering products and solutions that meet the need of public serving organisations or public at large. We also explored to market our mass solutions in neighbouring country like Indonesia, where the potentials are much greater.

Renewable energy is another area that we had also ventured. To showcase our dedication in the renewable energy business, we had installed our data centre in Bukit Jelutong with a rooftop solar system. This is also in line with our commitment to embrace the Environment, Sustainability and Governance (ESG) framework. During the year, we had managed to secure some notable contracts for solar farm interconnection facilities. On top of that, we had won a bidding under Suruhanjaya Tenaga Malaysia to develop a mini hydro in Besut, Terengganu.



HeiTech has been instrumental in setting up and maintaining the systems of major governmental agencies that are powering Malaysia.

OUR ASPIRATIONS

We will remain committed to our vision and mission. Though we are still in recovery mode with regards to our financial performance, I am optimistic that our target to steer the Group away from its current state is well within our reach. Our pivot strategies to venture in new areas have started to show positive outcomes with on-going live solutions and secured initiatives. The results may not be immediately translated in significant financial contributions at this juncture, but it marked a new charter by the Group in facing today's competitive business landscape.

At operational level, we will continue to operate at the most efficient manner. We had adopted and applied the necessary frameworks, standard of practices and certifications to ensure our operations are duly structured. We understand that these rules and certifications are important in our bid to serve our customers with high quality services and deliverables.

ACKNOWLEDGEMENT

My heartfelt appreciation goes to our former board member, Dato' Mohd Fadzli Bin Yusof, who has served HeiTech for 17 years, demonstrating his unwavering commitment and wisdom throughout the years.

I would also want to express my deepest appreciation to my fellow Board members, our customers and business partners for the continued confidence and support.

To our shareholders, though it may not have been a smooth journey thus far, I cannot thank you enough for your understanding, trusts and unwavering support to us. It is important to us as we continue to steer HeiTech towards better position.

Finally, my deepest gratitude to the President, Dato' Sri Mohd Hilmey Mohd Taib, Management Team and all Warga HeiTech, for keeping HeiTech afloat despite all the challenges. Thank you for all your efforts, persistence, and perseverance.

Tan Sri Dato' Sri Abi Musa Asa'ari Mohamed Nor
Chairman

LETTER FROM PRESIDENT/ EXECUTIVE DEPUTY CHAIRMAN

Assalamualaikum dan salam sejahtera,

I hope that everyone is well and is in good health. Time really flies and another year has passed. A lot has happened in 2022 since the endemic declaration was made by the Government which seen the lifting of all the bans and restrictions. Festivities were celebrated back in the way they were before. Students of higher learning institutions were finally able to return to campus and Merdeka Day was celebrated joyfully via its traditional parade. 2022 also seen a new government was formed after the conclusion of 15th general election in November.

From the domestic economy perspectives, Malaysia has recorded an encouraging 8.7 percent growth in its Gross Domestic Product (GDP) for 2022, as opposed to 3.1 percent in previous year. According to the report by the Department of Statistics, it was the highest annual growth recorded within the period of 22 years. It is a big relief to see businesses back on their full force as they are among the key factors in ensuring economic activities continue to grow. Though many did not survive the calamity, and many are still struggling to be back on their feet, we hope that Malaysian will continue to march forward. We will never forget the dark history of the pandemic as we continue to rebound, especially from the economy and social perspectives.



We believe that the Group is well positioned to move beyond our current core competencies of system integration and maintenance services and capture a portion of the emerging technologies. Through our pivot strategies, we have started our journey to expand our offerings via transactional-base solutions within the mass market.

LETTER FROM PRESIDENT/ EXECUTIVE DEPUTY CHAIRMAN

BUSINESS HIGHLIGHTS

The Group's revenue increased slightly from RM269.5 million in 2021 to RM293.9 million in 2022. Though the Group's net result was still at a loss, the overall position has improved by RM6.3 million from negative RM16.4 million in 2021 to negative RM10.0 million in 2022. The Group's earnings before interest, impairment, taxation, depreciation and amortization (EBIITDA) for 2022 had also improved by RM5.5 million from RM13.6 million in 2021 to RM8.1 million. This was mainly contributed by the full-fledged delivery of contracts that were secured in the year before, especially in the transportation sector, plus the new ones that were secured during the year.

Competing in tenders and contracts is getting tougher year by year. Nevertheless, the Group still managed to secure important wins during the year. Some of the wins that are worth mentioning includes:

- ✓ Secured the contract to supply and maintain the managed wide area networks infrastructure services for Permodalan Nasional Berhad and Amanah Saham Nasional Berhad, for five 5 years commencing July 2022 amounting RM43.8 million.
- ✓ Secured a 5-year contract from Ministry of Defence to maintain the Tactical Operational Flight Trainer Simulator for Sukhoi 30-MKM fighter jets, valued at RM66.8 million.
- ✓ Secured an extension of maintenance contract for Jabatan Pengangkutan Jalan's (JPJ) mySIKAP system amounting RM10.5 million.
- ✓ Secured an extension of maintenance contract for JPJ's mainframe systems amounting RM13.2 million.
- ✓ Secured a contract from the Ministry of Higher Education for "Perkhidmatan sewaan berpusat peralatan ICT secara sewa guna" amounting RM38.6 million.
- ✓ Successfully win an e-bidding with Sustainable Energy Development Authority (SEDA) to develop a small hydro power plant with an installed capacity of 2.85 megawatt in Sungai La, Besut, Terengganu.

CONTINUING THE JOURNEY

Technology will continue to evolve around us. On top of existing things like 5G and internet-of things, there is no sign of it stopping for anything with the emergence of new things such as artificial intelligence and blockchain. All these technologies will make data and information to be more open and readily accessible in the virtual world. This will also make the opportunities to monetise via virtual space become greater and greater. On the other hand, cybersecurity and cyber resilience will also be more important in order to maintain the safety and integrity of the data and information that are being exchanged.

The Government itself is at the centre of the new technologies via their own initiatives such as Malaysia Smart City Framework (MSCF).

We believe that the Group is well positioned to move beyond our current core competencies of system integration and maintenance services and capture a portion of the emerging technologies. Through our pivot strategies, we have started our journey to expand our offerings via transactional-base solutions within the mass market. Some examples are our smart parking solutions, e-know your customers, payment gateway, smart applications for local councils, smart applications for co-operatives, school management solutions and teaching portals. We had also moved into the cybersecurity realm by offering enterprise-based solutions that are customized to suits the respective safety requirements of any organisations. Our smart solutions would enable us to tap into the MSCF and be part of the Government's transformational journey.

GRATITUDE

My deepest gratitude to the Executive Council Members and all Warga HeiTech for your dedication, commitment and persistence in keeping HeiTech relevant amidst the tougher business environment. Let us carry on with our plan to revive and carry HeiTech further in the technology realm and other areas.

My heartfelt appreciation to our Chairman, Tan Sri Dato' Sri Abi Musa Asa'ari bin Mohamed Nor and all members of the Board for all the wise counsel, leadership and guidance. The visions and commitment by the Board have been instrumental in steering us towards our strategic direction.

To all our customers, business partners and financiers, thank you for the continuous support and confidence. And lastly to all our valued shareholders, my sincerest appreciation and gratitude for your trust and confidence in our company throughout the years. It has been a tough ride together but your unwavering support is very important for us to keep marching forward.

Dato' Sri Mohd Hilmey Bin Mohd Taib
President/Executive Deputy Chairman

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS OVERVIEW

GROUP OVERVIEW

HeiTech Padu Berhad Group (“HeiTech or the Group”) has been one of the nation’s incumbents in the information, communication, and technology (“ICT”) industry. Since its incorporation 28 years ago, HeiTech has significantly contributed to the technological transformation and advancement of its customers via complete, end-to-end customised solutions. HeiTech is now an IT company that offers various IT-related services and solutions to both public and private sector clients, with a focus on system integration and IT services. HeiTech also owns and manages a certified TIA-942 Rated 3 datacentre facility located in Bukit Jelutong, Selangor and offer services to develop, build and manage data centre facilities. Among HeiTech’s notable success is in assisting the Government to deliver their mission-critical systems to the Malaysian public.

Apart from ICT, the Group is also involved in other sectors such as renewable energy, engineering, parts database for automotive, digital data processing and defence. These sectors are an important part of the overall diversification strategy by the Group.

HeiTech’s services and processes are duly certified and meet the necessary standards for high-quality services, integrity and security. Among the certifications that are being maintained by HeiTech are as follows:

Standards and Regulatory Compliance at HeiTech

- ✓ ISO 9001:2015: Quality Management System (“QMS”) certification
- ✓ ISO/IEC 27001:2013 Information Security Management System (“ISMS”) certification
- ✓ ISO/IEC 20000-1:2011 Service Management System (“SMS”) certification
- ✓ ISO/IEC ISO 22301: 2012 Business Continuity Management System (“BCMS”) certification
- ✓ Payment Card Industry Data Security Standard (“PCI DSS”) certification
- ✓ ISO 37001:2016: Anti-Bribery Management System (“ABMS”) certification
- ✓ The Capability Maturity Model Integration (“CMMI”) Level 3 for development framework
- ✓ Test Maturity Model Integration (“TMMi”) certification



MANAGEMENT DISCUSSION & ANALYSIS



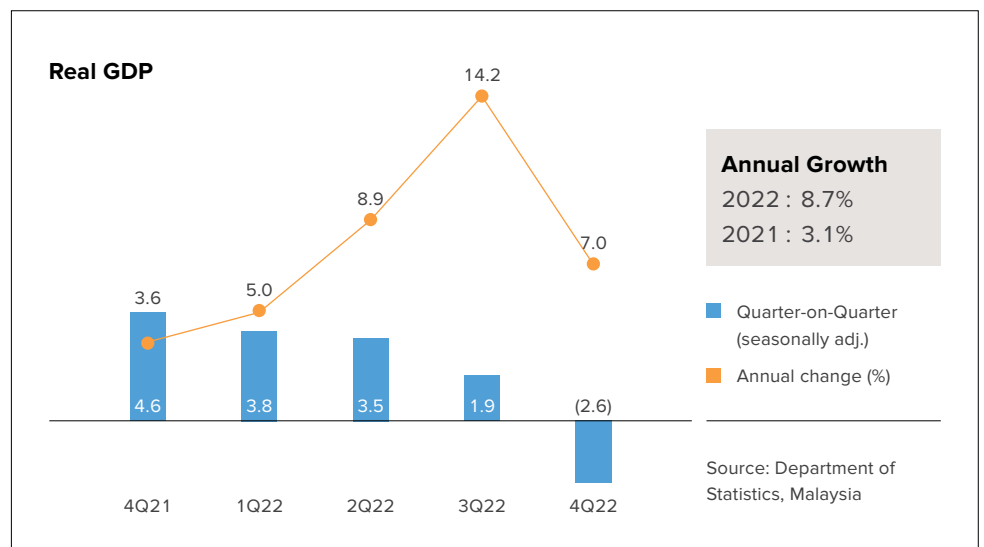
On top of that, HeiTech had also developed its own management and evaluation systems to ensure the standards of practices are further enhanced, namely:

HeiTech's Project Management Information System ("PROMISE")	Application Development Information System ("ADVISE")	Product Evaluation for Compliance Information System ("PRECISE")
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HeiTech has received several awards and recognition for 2022. HeiTech has been conferred the SASE Partner of the Year FY22 Award and Strategic Sales Partner Excellence of the Year FY22 Award from Palo Alto Networks. HeiTech through its subsidiary, Motordata Research Consortium Sdn. Bhd. (MRC) has won the award from Malaysia Education & TVET Award 2022 for the Malaysian Best Automotive Training, Analysis and Data Centre as recognition for MRC's contribution in the automotive industry.

OPERATING ENVIRONMENT

As Malaysia transitions to the endemic phase and economic activities continue to normalise, sentiments around growth are relatively optimistic. In the first quarter of 2022, Bank Negara Malaysia reported a year-on-year GDP growth of 5%, supported by increases in domestic and external demand, as well as labour market recovery with unemployment rate decreasing to 4.1%. Business optimism has been underlined by strong private consumption and improved availability of financing. The recovery momentum was expected to be enhanced by structural reforms, in line with the 12th Malaysia Plan 2021-2025, which reflects the government's commitment to boost the country's economic resilience, help businesses grow and achieve sustainability. The Malaysian economy registered a growth of 7.0% in the fourth quarter of 2022 supported by the economic stimulus measures. For 2022 as a whole, the economy expanded by 8.7% (2021: 3.1%).



MANAGEMENT DISCUSSION & ANALYSIS

Through the Malaysia Digital Economy Corporation (MDEC), the government is focusing on initiatives to develop capabilities around emerging technologies such as Big Data Analytics (BDA), Artificial Intelligence (AI), Internet of Things (IoT), financial technology (FinTech), data centres, cloud services and robotics. From the Malaysia Digital Economic Blueprint, digital technology is expected to be the new driver for Malaysia's economy in the coming decade and its contribution is projected to reach 22.6% of GDP by 2025. The key highlights of the blueprint focuses on the adoption of cloud services and to build and manage hyper-scale data centres and cloud services in Malaysia. The ongoing digitalisation has also increased spending on ICT systems and infrastructure, resulting in more players entering the field to compete. The launch of 5G network has the industry alive and enhanced optimism in the IT sector. While building the digital economy to drive Malaysia's development, a trusted and secured digital environment is required by strengthening the nation's cybersecurity structure.

HeiTech is following closely on the developments of government policies to allow the Group to tap into areas like mass market and transactional revenue streams in tandem with the Malaysia Digital Economic Blueprint. Apart from ICT, the Group has also ventured into other industries such as renewable energy. The Malaysian Government is very clear in its direction of achieving significant energy generation from renewable energy sources and very serious on the issue of sustainability. The Group believes that its prospects in renewable energy is very positive. Among the areas with large potentials are large scale solar, rooftop solar and mini hydro.

CHALLENGES

Over the years, as with any company operating in a competitive and rapidly evolving industry, HeiTech faces challenges and competition from both local and international companies. To stay competitive, the Group needs to constantly innovate and improve its services to stay up-to-date with the latest trends and technologies. It translated into a continuous battle that put pressure on the solutions to be offered verses providing competitive prices.

In the background, the Malaysian budget allocation for ICT spending especially on the capital expenditure for development of major ICT systems in various ministries has become lower compared to before, as focus is more on operational spending in the yearly public sector budget. From the business perspective, limitation of budgets for IT development brings out the question on what is the acceptable margins in meeting contract requirements while managing any unnecessary risk.

Changes in the economy, such as inflation and fluctuations in exchange rates, can impact the Group's profitability and growth. Further, as a service-based technology company, talent acquisition and retention is very important. The Group needs to attract and retain highly skilled and knowledgeable employees with competitive salaries and benefits, as well as a positive work culture and opportunities for career growth. This would put pressure on the costs structure of the Group. However, despite all the challenges, the Group is confident in maintaining its presence while working to expand its offerings and market reach by staying nimble, innovative, and proactive to continue to grow and succeed in the highly competitive technology industry.

STRATEGIC AND OPERATIONAL APPROACH

The Group knows that in order to remain relevant amidst today's challenges, it needs to be agile and responsive. As such, the Group had initiated a transformational program pivoting into a redefined target market and repackaging our offerings, with the aim to strengthen the position, retain its market presence while exploring new offerings and market area. All this were charted while maintaining the essence of humanising IT systems by prioritising user experience into our solutions to better serve the needs of the customers and help bridge the gap between technology and people.

Pivoting and Creating Focus

We acknowledged that adjustments and realignment to market forces are necessary to remain competitive and to succeed in the long run. Hence, by using pivot as the central theme of our transformation program, we have charted the necessary steps to ensure that we are able to stay resilient and remain relevant in the market for many years to come. Among the guiding principles that were adopted in our pivoting journey are as follows:

- 1 Enhancing the core competencies of each company in the Group
- 2 Complementing contract-based revenue with product-based and transactional-based revenue streams
- 3 Market expansion either via new geographical area, enterprise or mass market
- 4 Innovative products and offerings
- 5 Gearing towards monetisation via data analytics

MANAGEMENT DISCUSSION & ANALYSIS

The portfolios across the Group have been realigned to reflect these principles and were segmented based on their core competencies, market segments and strengths. These segments are Core 1, Core 2 and Core 3 respectively.

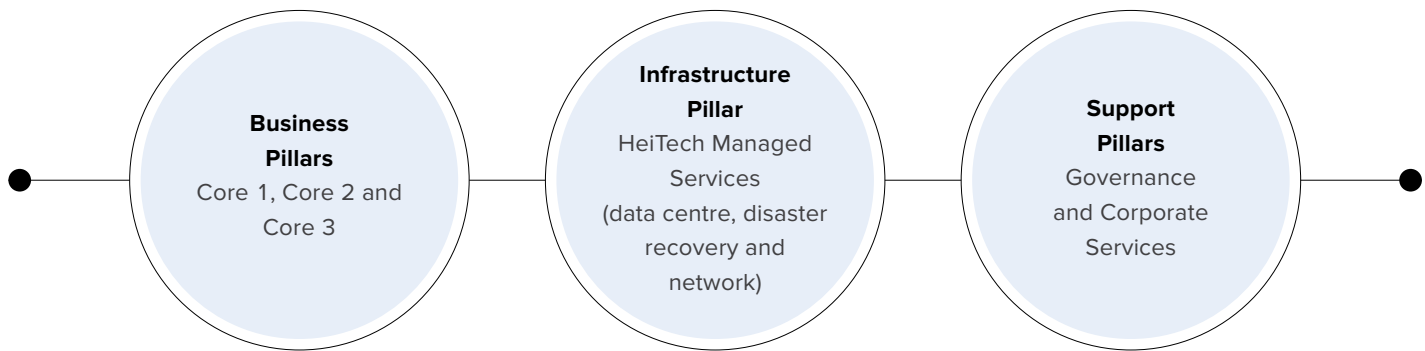
Core 1	Core 2
<p>Core 1 carries the fundamental business of the Group. It focuses on system integration providing customised application development and maintenance services to cater to the specific needs of customers from public sector and government-linked agencies. The services offered under Core 1 have been instrumental in transforming many critical government agencies in the internal security, immigration, national registration and health sectors.</p> <p>While Core 1 focus is to enhance HeiTech’s core competencies as one of the nation’s incumbent system integrator, it also offers smart solutions for enterprises. Smart Parking Solution is a seamless application for parking payment which upgrades the conventional way of parking using coupon. The smart parking application uses an IoT-based system that sends data on the availability of parking places via mobile device. Under its pivoting and transformation program, its innovation arm has developed ancillary products surrounding its core offerings such as Caringhealth, which is a hospital information system with modules for clinical and support services which enables doctors to assess patients’ electronic medical record anytime, anywhere.</p>	<p>Core 2’s focus is on delivering new products and offerings, creating new line of revenue from transactional-based and mass market and entering new market area.</p> <p>In general, these products are targeted for public facing agencies or enterprises. The aim is to help these enterprises improve their services to customers while leveraging on the volume of transactions using low cost and hassle-free solutions. Examples are the easy billing and licensing systems developed for local councils in billing process. These systems eliminate the need for printing and delivery of hard copy statements. The systems also allow for online payment which help to improve collection rate by these councils.</p> <p>Core 2 is also offering online identity verification, e-Know Your Customer (eKYC) and payment gateway services. These systems are internally developed by the Group and is competitively positioned among existing providers in the market.</p>
Core 3	<p>HeiTech’s venture in Indonesia is gaining ground since the rejuvenation of its presence there. As Indonesia is moving rapidly into digital realm, a financial system for co-operatives was HeiTech’s first attempt in riding the digitalisation activities. Co-operatives are significant component of its financial and economic ecosystem. Apart from that, HeiTech is currently moving into education sector through school management systems and online teaching portals in Indonesia.</p> <p>Core 2 is also moving towards renewable energy as part of the pivot program. Though it is different from IT realm, renewable energy possessed good prospects. With healthy pipelines and some notable contracts that has been closed, the potential in renewable energy sector is promising.</p>
<p>Core 3 is entrusted to focus on expanding the transport and commercial sectors. Core 3 is currently assisting a government agency to upgrade its transport management system with latest technology and solutions. The Road Transport Authority Management System (RTAMS) provides transport authority with a structure to manage the transportation industry efficiently and effectively. Core 3’s integration platform named HNext Gate is an interoperability enabler that links various agencies into one or more electronic channels. It is able to integrate multiple agencies running on different types of systems and platforms, while being able to share data across agencies and stakeholders in real-time with zero errors.</p> <p>Some of the services offered under Core 3 are concession based and it is currently working towards expanding the business model into other areas. Core 3 has also developed an e-testing system for driving licenses. This will be the country’s first homegrown automatic and integrated circuit driving tests in line with the government initiatives to combat fraudulent activities in driving test and improve the public trust in the license issuance process.</p>	

MANAGEMENT DISCUSSION & ANALYSIS

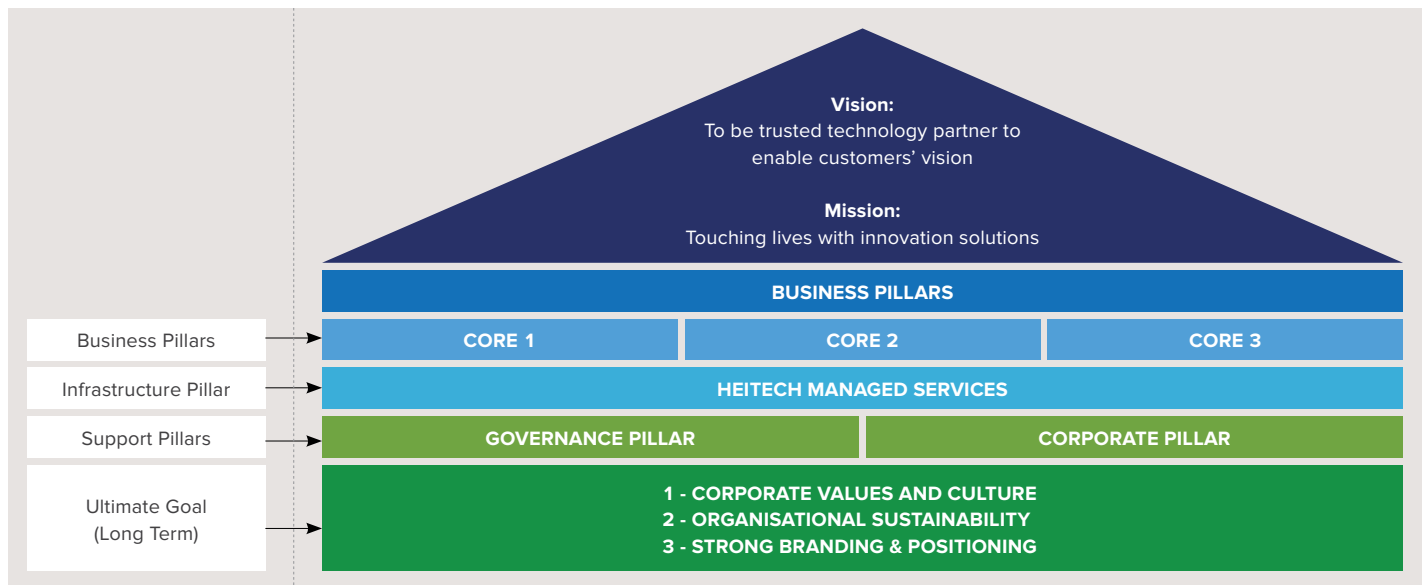
Achieving Operational Excellence

In achieving our strategic goals, HeiTech is operationally structured to achieve flexibility, efficiency and productivity, while strengthening the corporate values and culture. These are important aspects in order to remain sustainable while maintaining a strong branding and position in the market.

The building blocks that formed the overall strategic and operational blueprint consist of the following pillars that support the Group’s vision and mission.



These building blocks are depicted in the diagram as follows:

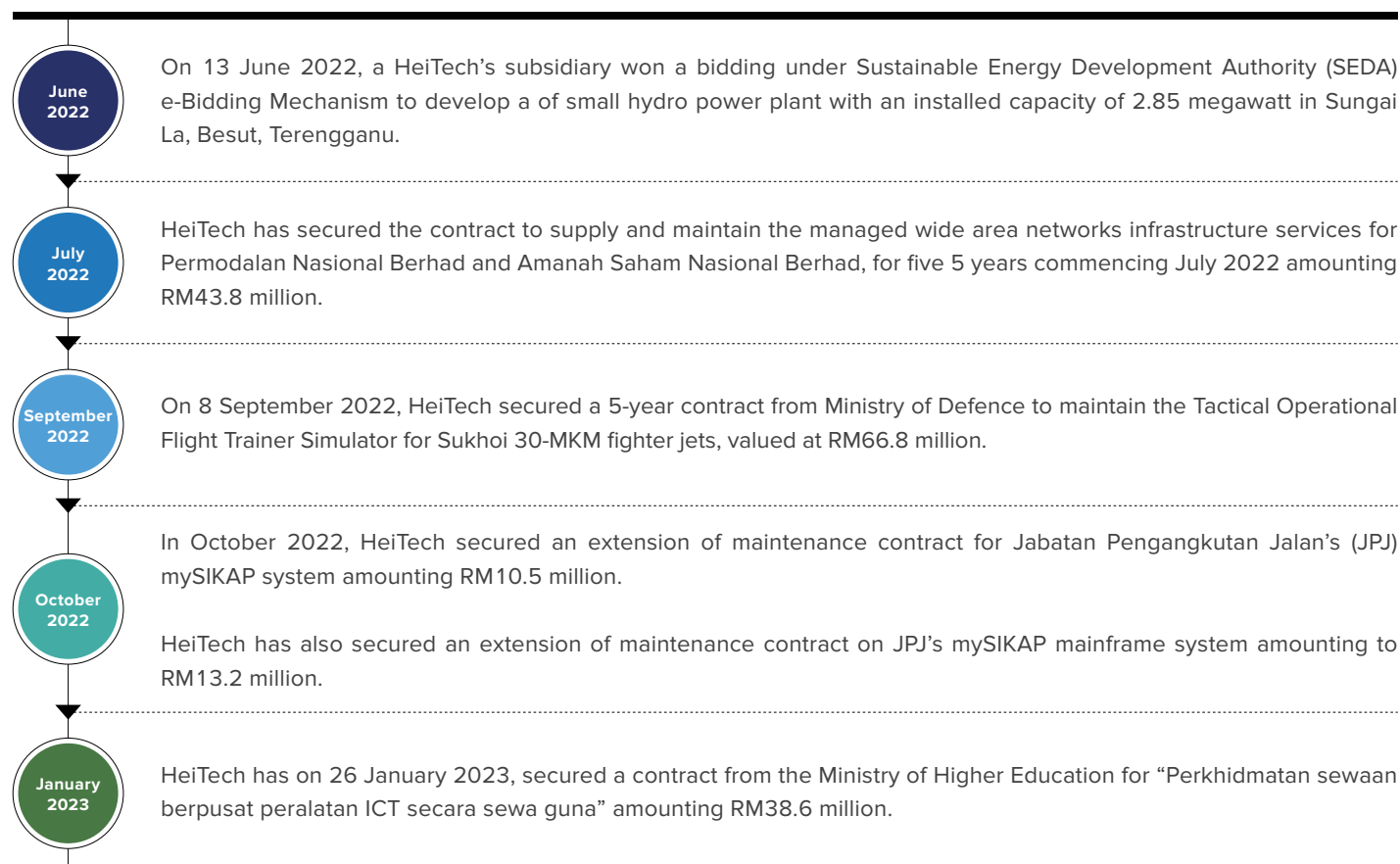


HeiTech Managed Services (HMS) which consists of data centre, disaster recovery and network services which forms the infrastructure pillar across the Group. On top of providing services to external customers, HMS is now positioned to serve internal customers within the business and corporate pillars. This is important to promote a more efficient and cost-effective infrastructure support throughout the Group.

Meanwhile, the Governance and Corporate Services provide the necessary support on operational framework and compliance which are important in having smooth business operations.

Operational Highlights

Despite a competitive landscape, the Group was successful in securing several service extensions and new ventures in 2022 to date, listed as follows:


FINANCIAL OVERVIEW
SUMMARY OF GROUP FINANCIAL PERFORMANCE

	2022	2021	Variance	
	(RM'Mil)	(RM'Mil)	(RM'Mil)	%
Revenue	293.9	269.5	24.4	9%
Other income	3.4	18.9	(15.5)	(82%)
Expenses	(306.4)	(304.7)	1.7	1%
Share of associates' results	(0.2)	0.2	(0.4)	(200%)
Loss before tax	(9.3)	(16.1)	(6.8)	(42%)
Taxation	(0.7)	(0.3)	0.4	133%
Loss after tax	(10.0)	(16.4)	(6.4)	(39%)

MANAGEMENT DISCUSSION & ANALYSIS

In 2022, the Group revenue improved from RM269.5 million to RM293.9 million which is a 9% increase in its revenue as compared to 2021. Although still in loss position, the net results had improved by 39% as the Group recorded a loss after tax of RM10.0 million in 2022 as opposed to a loss after tax of RM16.4 million in 2021.

Breakdown of revenue by segment

The breakdown of the Group's revenue by respective segment is as follows:

Revenue By Core	2022 (RM'Mil)	2021 (RM'Mil)	Variance (RM'Mil)
Core 1	120.6	167.9	(47.3)
Core 2	31.6	25.8	5.8
Core 3	141.7	75.8	65.9
	293.9	269.5	24.4

CORE 1

Core 1 being the Group's key player in the Public Sector has always been the Group's main revenue contributor. However, it has been facing stiff competition causing some volatility in its revenue. Public sector spending for system development is low these days with the available ones subject to strong tussles with other IT providers. This is the same scenario for system maintenance contracts. At this juncture, the Group still managed to defend its footing in the existing customers' maintenance contracts even though there has been reduction in contract scope and value as compared to before. Change of guards in the Government was also among the challenges that the Group had to face, causing delay in achieving certain initiatives that were targeted earlier.

The detailed breakdown of Core 1 revenue is as follows:

Revenue type	2022	2021	Variance	
	(RM'Mil)	(RM'Mil)	(RM'Mil)	%
System application and development	30.5	55.1	(24.6)	(45%)
Maintenance services	52.5	48.7	3.8	8%
Network services	13.7	33.9	(20.2)	(60%)
Disaster recovery and facility management	1.1	11.9	(10.8)	(91%)
Managed security services	20.8	15.0	5.8	39%
Software support and licence fees	0.6	0.6	-	0%
Others	1.4	2.7	(1.3)	(48%)
Total segment revenue	120.6	167.9	(47.3)	(28%)

CORE 2

The business activities under Core 2 are diversified and span over different sectors, with IT being the main activity focusing on enterprise solutions and public facing applications.

Database management services are the major contributor to Core 2 revenue which improved by 10% to RM19.8 million in 2022 from RM18.0 million in 2021. Overall, Core 2 revenue improved by 22% to RM31.6 million in 2022 from RM25.8 million in 2021 due to the resumption of business activities post-pandemic.

The detailed breakdown of Core 2 revenue is as follows:

Revenue type	2022	2021	Variance	
	(RM'Mil)	(RM'Mil)	(RM'Mil)	%
Information technology services	3.7	1.6	2.1	131%
Engineering works	1.6	1.6	-	0%
Mailing and document processing	2.0	1.7	0.3	18%
Database management services	19.8	18.0	1.8	10%
Others	4.5	2.9	1.6	55%
Total segment revenue	31.6	25.8	5.8	22%

MANAGEMENT DISCUSSION
& ANALYSIS

CORE 3

Revenue from Core 3 is a mix of both Commercial and Public Sector consisting of application development and IT services.

Revenue type	2022	2021	Variance	
	(RM'Mil)	(RM'Mil)	(RM'Mil)	%
System application and development	28.0	7.2	20.8	289%
Maintenance services	41.8	29.8	12.0	40%
Network services	39.0	20.3	18.7	92%
Disaster recovery and facility	19.0	11.9	7.1	60%
Managed security services	10.8	5.1	5.7	112%
Others	3.1	1.5	1.6	107%
Total segment revenue	141.7	75.8	65.9	87%

Core 3 is focusing to expand its presence in the transportation sector. Its revenue improved by 87% from RM75.8 million in 2021 to RM141.7 million in 2022 due to the resumption of business activities post-pandemic.

REVENUE BY GEOGRAPHICAL SEGMENT

	Revenue		Contribution	
	2022 (RM'Mil)	2021 (RM'Mil)	2022 %	2021 %
By country:				
Malaysia	293.5	268.8	99.9%	99.7%
Australia	-	0.1	0.0%	0.1%
Indonesia	0.4	0.6	0.1%	0.2%
	293.9	269.5		

The Group's geographical segment is segregated based on geographical location of the operations in Malaysia, Australia and Indonesia. At RM293.9 million (2021: RM269.5 million), Malaysia is the main contributor to the Group's results.

The revenue contribution from operations in Malaysia is from information technology, engineering works and mailing and document processing business. Meanwhile, the subsidiary

in Indonesia is involved in document processing and mailing activities. The Group had sold the business in Australia in 2021, hence no revenue contribution from 2022 onwards.

The Group's venture in Indonesia is currently at market acceptance phase and early stage of system deployment and revenue generation.

EXPENSES

	2022	2021	Variance	
	(RM'Mil)	(RM'Mil)	(RM'Mil)	%
Personnel expenses	86.6	88.5	(1.9)	(2%)
Project related expenses	176.2	172.3	3.9	2%
Depreciation and amortisation	13.1	14.6	(1.5)	(10%)
Impairment	0.5	1.4	(0.9)	(64%)
Administration expenses	26.2	24.2	2.0	8%
Finance expenses	3.9	3.7	0.2	5%
	306.4	304.7	1.7	1%

Total operating expenses of the Group increased slightly at RM306.4 million in 2022 compared to RM304.7 million in 2021. Personnel expenses decreased by 2% to RM86.6 million in 2022 as we continued to optimise our resources. The Group's staff strength stood at about 989 at the end of 2022 (2021: 978).

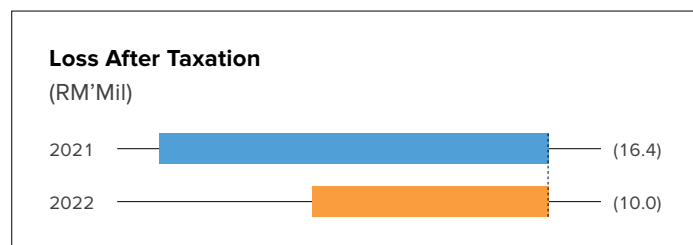
Project related expenses catered for 58% of the Group's total expenses. The increase from RM172.3 million in 2021 to RM176.2 million in 2022 was in tandem with the increase in revenue, especially from the IT segment.

The Group has been very serious in assessing the recoverability of its assets to reflect their fair valuations. In 2022, the impairment on trade receivables was reduced by RM0.9 million as compared to 2021.

As for overheads, the Group had always strived to keep the costs at bay. However, the general increase in cost of compliance and other operational expenses resulted in an 8% increase in administration costs in 2022. Finance cost in 2022 was also higher by 5%, mainly due to the increase in interest rates.

MANAGEMENT DISCUSSION & ANALYSIS

RESULTS BEFORE AND AFTER TAX



The Group has recorded post-tax loss of RM10.0 million in 2022 as opposed to post-tax loss of RM16.4 million in 2021, indicating improved business performance in 2022, partly attributable from the Group's cost optimisation efforts and better management of financial assets.

The Group's earnings before interest, impairment, taxation, depreciation and amortization (EBIITDA) stood at RM8.1 million in 2022, as opposed to RM3.6 million in 2021. The improvement reflects the resilience of the Group in facing the highly competitive business environment.

ANALYSIS OF FINANCIAL POSITION

The tables below show the assets employed, liquidity ratios and working capital of the Group as at the year end of 2022 and 2021.

ASSETS EMPLOYED	2022	2021	Variance	
	(RM'Mil)	(RM'Mil)	(RM'Mil)	%
Non-current Assets (RM'Mil)	109.7	110.1	(0.4)	(0%)
Current Assets (RM'Mil)	185.8	190.9	(5.1)	(3%)
Assets of disposal group classified as held for sale	1.5	-	1.5	100%
Total Assets (RM'Mil)	297.0	301.0	(4.0)	(1%)
Net Current Assets (RM'Mil)	8.0	26.4	(18.4)	(70%)
Shareholders' Fund (RM'Mil)	87.8	97.3	(9.5)	(10%)
Share Capital (units)	101.2	101.2	-	-
Net Tangible Assets per Share (RM)	0.73	0.85	(0.12)	(14%)

The Group's non-current assets were slightly lower at RM109.7 million in 2022. Part of non-current assets is a right-of-use asset of RM7.1 million (2021:RM7.6 million) relating to long term operating leases. The Group's total assets stood at RM297 million in 2022, about 1% lower than 2021 due to lower trade receivables, contract assets, and contract cost assets.

LIABILITIES AND WORKING CAPITAL	2022	2021	Variance	
	(RM'Mil)	(RM'Mil)	(RM'Mil)	%
Payables (RM'Mil)	78.3	74.5	3.8	5%
Borrowings (RM'Mil)	113.6	111.5	2.1	2%
Lease liability (RM'Mil)	8.1	8.8	(0.7)	(8%)
Total liabilities (RM'Mil)	200.0	194.8	5.2	3%
Gearing Ratio (%)	65%	56%		
Current ratio	1.04	1.16		

The Group had always strived to keep its liabilities at a reasonable level. The Group used the combination of its internally generated funds and credit facilities to finance its operations and meet its obligations. The weightage on utilisation on these two methods would determine the gearing level needed in deploying its working capital. At this juncture, the Group's possessed adequate credit facilities to cater for its operational requirements.

The gearing ratio in 2021 was slightly higher at 65% against 56% in 2021. The current ratio was lower at 1.04 times in 2022 against 1.16 times in 2021. Though the rate was lower, it was still within an acceptable range.



MOVING FORWARD 2023

The year 2022 was a volatile one, marred by soaring inflation, Covid-19 curbs, the end of easy monetary policy and a damaging war between Russia and Ukraine that placed tremendous stress on the global economy. Both Gartner and Fitch Solutions forecasted for Malaysia’s real gross domestic product (GDP) growth to slow down to 4.0% in 2023, from 8.7% in 2022. Gartner also projected reduced global IT spending growth in 2023 from 5.1% to 2.4% due to inflation in 2023.

On the upside, the launch of National Digital Network Plan (JENDELA), MyDigital for National Cybersecurity Strategy with a budget allocation of RM1.5 billion by National Cyber Security Agency (NACSA) and Financial Sector Blueprint (FSB) 2022-2026 by Bank Negara Malaysia (BNM) will provide the catalyst for the growth of the IT industry as the pillar in supporting economic recovery as well as drive Malaysia’s aspiration to be a dynamic, inclusive and sustainable nation.

The concept of smart cities has gained increasing attention as a potential solution for challenges faced by cities around the world. The smart city trend supported by the technological breakthrough of the Fourth Industrial Revolution (Industry 4.0), including the use of Internet of Things (IoT), Cloud Computing, Open Data and Big Data Analytics will also play a role in the growth of the IT industry and will have a huge impact on the economy and change the way of life of the world at large. Malaysia needs to be ready to welcome this wave of digital revolution and utilise it to overcome the challenges and physical limitations towards improving the quality of life of the people and ensuring the development of a smart and sustainable nation.

In Malaysia, the Malaysia Smart City Framework (“MSCF”) was established by Ministry of Housing and Local Government. Malaysia Smart City Framework comprises of seven components; Smart People, Smart Environment, Smart Government, Smart Mobility, Smart Living, Smart Economy and Smart Digital Infrastructure. We had geared and prepared to participate in this framework and position ourselves as one of the “Technology Pillar for Malaysia Smart City Development”.









BUSINESS STRENGTHS

Our value creation model is centred on the provision of solutions and services of our 25 years’ of strength and competitive advantages to create an effective response to market trends and needs. Guided by strong customer insight and proprietary technology, HeiTech develops products and services that link society, businesses and government together creating a robust ecosystem that deliver value to our stakeholders.

HeiTech continuously evaluates the strengths that have been gradually established over the years, in tandem with technological and market changes. We maximise our competitive advantages as the key enabler to the digital economy and at the same time minimising exposure to business and operational risks which are critical approach and response to a dynamic and continuously shifting environment.

Our Business Strategies

 Market Retention and Expansion	 Expansion of Product Mix	 Technological Innovation
 Strategic Alliance	 Accredited Management System	 Human Capital Development

EXPERIENCED INDUSTRY PLAYER WITH PROVEN TRACK RECORDS

HeiTech has more than 25 years of a track record for delivering transformative, cutting-edge, mission-critical ICT solutions and services to Malaysia’s public and private sectors. We are the industry pioneer in Malaysia’s large scale, enterprise-wide system integration, bringing deep expertise and extensive experience to deliver proprietary, home grown solutions and international products as well as services meeting the needs of a vast array of industries and sectors. HeiTech has also demonstrated its ability to adapt to the changing technology landscape, ensuring that it stays ahead of the curve.

Link to Business Strategies



BROAD MIX OF REVENUE ACROSS COMMERCIAL AND PUBLIC SECTORS

HeiTech’s revenue composition stems from multiple revenue streams, ranging from government contracting and concession services to commercial services and is not overly dependent on a single market product or service. This enables greater market penetration, reduces exposure to market volatility and the cyclical nature of our business — while enabling a stronger possibility to leverage on emerging growth opportunities across multiple segments. Our solutions portfolio ranges from managed infrastructure services to system application, from niche solutions to smart solutions, all bringing greater value to our customers and yielding a balanced revenue mix to the Group.

Link to Business Strategies



BUSINESS STRENGTHS

EXPANDING REGIONAL FOOTPRINT 

HeiTech’s experience in various markets that offer a wide range of solutions has elevated HeiTech as the trusted technology partner to our customers. We are expanding our regional footprint and has established a stronger presence in the region to boost our growth.

We work with local partners that can complement our offerings and solutions in the targeted market. Coupled with our experience, expertise and wide range of products and solutions, we believe this would accelerate our expansion plan.

Link to Business Strategies



INNOVATIVE SOLUTIONS AND SERVICES SUITED FOR ALL MARKETS 

HeiTech offers innovative solutions and services tailored to the needs for different markets. These solutions and services are designed to help our customers meeting their goals and objectives, while at the same time providing them with the highest quality of service. We constantly evolve into developing innovative products and solutions using the latest technologies to remain relevant

Link to Business Strategies



DYNAMIC STRATEGIC ALLIANCE WITH PARTNERS 

HeiTech leverages on partnerships with multiple ICT providers to complement our homegrown solutions portfolio. Through these partnerships, we would be enhancing and expanding our capabilities in multiple technological platform hence broaden our areas of expertise and product/service offerings to our customers.

Link to Business Strategies



PROCESS ACCREDITATION 

HeiTech has obtained attestation and maintained accreditation from international certification authorities, demonstrating our business’s adherence to the requirements of a management system standard that is widely accepted. The recognition gives us the competitive advantage among our competitors as it enhanced the credibility of our system and services.

Link to Business Strategies



HUMAN AND INTELLECTUAL CAPITAL 

HeiTech’s skilled and qualified technical employees enable us to provide our customers with cutting-edge technology and end-to-end solutions. Our personnel includes industry specialists in their respective sectors of technology. By investing in the development of human and intellectual capital, we can create a strong foundation for continuous growth and remain competitive over the long term.










Link to Business Strategies



HOW WE ASSESS MATERIALITY

HeiTech has selected nine (9) essential material topics for our value growth strategy. Materiality matters because it helps to determine what is important, relevant and significant and therefore what should be prioritised and addressed. The material subjects are characterised based on their connections to HeiTech's utilisation of capital resources in attaining business objectives while servicing our stakeholders.

HeiTech focuses on well-established materiality issues in which we have consistently strived to make headway in.

MATERIAL TOPIC	DESCRIPTION
Supply Chain 	HeiTech's ability to leverage on efficient and reliable partners/vendors is material to the Group's ability to achieve cost competitiveness, service reliability and customer satisfaction.
Innovation 	HeiTech promotes an innovation-oriented culture amid a diverse workforce that focuses in creating innovative solutions either internally for tasks optimisation or externally, for the ease of our customers' digitalisation journey.
Cybersecurity and Privacy 	Cybersecurity is HeiTech's top priority due to the risk of cyber threats to our business operations. Given the nature of our business that manages enormous quantity of customers' data for the public and private sectors, this major concern needs to be addressed strategically. The consequential effect from cyber attacks, which apart from the actual monetary losses from service interruptions may adversely affect our credibility and reputation.
Human Capital Development 	A company is only as strong as its workforce; more so in a tech-based company like HeiTech where IP development relies heavily on talented and committed workforce. HeiTech is recognised for having skilled and experienced personnel to support our new growth areas. We believe that our employees are our most valuable asset, hence we continue to invest in their training development programs for functional and technical certifications. Through this, we are able to keep our people competitive and improve the overall performance of our employees, which in turn will be reflected in the overall performance of our company.
Customer Experience 	Our interactions with the customers are critical where apart from gaining better understanding of their needs and challenges, it also cultivates lasting relationships. Our customers' touchpoints involves the overall process of acquisition up to post delivery. Through experience, we can gauge and improve our customers' satisfaction level.
Service Quality 	As a leading player in the IT industry, service quality is of the utmost importance to ensure excellent service delivery to our customers. We adopt international standards and methodologies as it demonstrates our commitment to providing services that meet or exceed the industry benchmarks.
Strategic Social Contribution 	True business sustainability is only achieved when we fulfil our role as good corporate citizens. We support nation building, talent development and job creation initiatives for the benefit of the industry and community as a whole. This is done through identifying and addressing social and environmental issues that are aligned with HeiTech's overall business strategy and we share the value with the society.
Governance, Ethics and Compliance 	Our ability to operate effectively is tied to strict adherence to standards and regulations set by the relevant authorities. HeiTech has established effective governance and a controlled structure to ensure a proper code of conduct is being carried out in our business.
Environment, Safety and Health 	The environment, safety and health are the factors that contribute to sustainable business. Being a technology and solutions provider, HeiTech's carbon impact is restricted to the resources we use in our business operation. We believe that a fit and productive workforce is of paramount importance to HeiTech's sustainability and strive to promote a safe and healthy working environment at all our premises.

HOW WE ASSESS MATERIALITY

Capital



Financial



Manufactured



Intellectual



Human



Natural



Social and Relationship

Stakeholder



Employees



Customers



Shareholders



Partners/Vendors



Community



Government/Regulatory Body/Authority

HEITECH RESPONSE TO THE MATTER

AFFECTED CAPITAL

STAKEHOLDER GROUPS AFFECTED

HeiTech is committed to managing our supply chain to ensure delivery of services to our customers are made timely, effectively and in the most cost-efficient manner. Various engagement activities are consistently held with our partners and suppliers, to further strengthen the partnership. Continuous assessments of the partners and vendors are conducted to maintain excellent service quality within the supply chain management.



The ability of HeiTech to remain competitive is integral to our existence. We continuously invest in product development to ensure we are among the market leaders with new and enhanced solutions in today's businesses. We encourage and empower our staff to think outside the box and translate ideas into products and services that can serve various industries for the benefits of our customers.



HeiTech has implemented a network of systems, rules, and best practises to protect our IT infrastructure from security breaches as part of our proactive defence against cyber attacks. We have established a robust cybersecurity measures which includes the prevention of any cyber threat thereby protecting any breach of data privacy.



HeiTech ensures sustainability by focusing on human resource efforts to recruit, upskill, engage, reward and provide clear career development paths with the goal of maximising the value that employees will bring to the organisation and to safeguard the know-how of HeiTech. Our recruitment efforts is extended even to young talents from the undergraduate pool, where opportunity to join HeiTech's workforce for internship programmes are provided.



We are committed to ensuring the best customer experience at every touchpoint. Aside from enhancing user experience through technological innovation, customer service is also the key focus area for us to effectively acquire, retain and grow our customer base. We also conduct regular customer satisfaction surveys to identify our areas of improvement to better serve our customer in the future.



HeiTech adopts international accredited management processes and methodologies i.e CMMI Level 3, QMS, ISMS, SMS, BCMS and ABMS. The accreditation gives assurance to our customers that our IT services are aligned with industry best practices. This will increase their confidence level on the quality and consistency of our services, hence will increase loyalty to our brand.



HeiTech Cares is the corporate social responsibility arm of HeiTech with the mission to implement sustainable business practices, investing in community development programs, and partnering with NGOs or government agencies to improve the well-being of society, focusing on education, community and environment.



We are proud to play our role to enhance and improve the standards of living of the community, in general.

HeiTech conducts frequent monitoring and review of all regulatory standards to ensure constant compliance in guiding our business behaviours and our interactions with our stakeholders. HeiTech also established multiple platforms and channels for our stakeholders to safely report on any malpractices conducted by our employees.






HeiTech strongly believes in maintaining a conducive and safe working environment. We are consciously aware of our responsibility to support the local communities and mitigate the impact of our operations to the environment.



THE RISKS WE CONSIDER

Given the ever-changing and dynamic landscape of the technology business, HeiTech faces external and internal factors that influence our ability to create value. As a result, we adopt a proactive approach to risk management, which is an essential component of our governance, strategy and decision-making. Our risks are not viewed in silos, but from the perspective of opportunities and also the ensuing impacts on the business model, our value chain and business processes which includes our ability to execute business and operational strategies.



RISK TYPE	BUSINESS CONTEXT	IMPLICATIONS
 Market	<p>Market risk remain high due to unstable global and local economic conditions. The situation is made worse with the emergence of new market players competing in the same market segment due to low barriers of entry. Hence, HeiTech as a big set-up company would find it difficult to offer competitive pricing as opposed to a low cost set-up company once price becomes the determining factor to win awards from the customers.</p>	<ul style="list-style-type: none"> • Loss of market share due to increased number of competitors. • Negative impact to the company's revenue. • Adverse impact on the company's market share.
 Innovation	<p>The challenge in IT business landscape is the ability to keep abreast with the latest technology, as IT becomes a necessity in today's world. However, what do we innovate in order to get the competitive edge and how fast can we innovate to be ahead of our competitors will differentiate ourselves with our competitors. The focus of innovation is primarily for revenue generation through creation of new line of business. This is vital to ensure HeiTech's sustainability and survivability in the long run.</p>	<ul style="list-style-type: none"> • Failure to meet customers' requirements. • Potential to be overtaken by competitors. • Adverse impact on the company's market share.
 Supply Chain	<p>HeiTech recognises the importance of having a solid supply chain network in the IT industry. HeiTech being the system aggregator relies heavily on our vendors/principals in delivering solution to our customers.</p> <p>Hence, it is important for HeiTech to ensure end-to-end support of its supply chain as the risk of supply chain disruption will affect delivery to our customers and impacts HeiTech adversely.</p>	<ul style="list-style-type: none"> • Delay in service deliverables. • Disruption to business operation. • Reputational risk for non-delivery.

THE RISKS WE CONSIDER

We stay ahead of critical risks through our Enterprise Risk Management (“ERM”) Framework. This approach allows us to assess and respond to events that may impact our ability to create sustained value. The table below summarises HeiTech’s key risks for 2022. These principal risks are linked to our business strategies.

MITIGATION MEASURES	Strategy	Material Topics
	LINKS	
<p>HeiTech’s value proposition has always emphasised on understanding customers’ requirements and providing solutions that are tailored to their needs. In order to differentiate HeiTech and our competitors, we continue to provide attractive offerings with competitive pricing, investing in innovative technology and services to meet the evolving needs of our customers as well as strengthening customer loyalty.</p>	<ul style="list-style-type: none"> • Market Retention and Expansion • Strategic Alliance • Technological Innovation 	<ul style="list-style-type: none"> • Supply Chain • Innovation • Customer Experience • Service Quality
<p>We continue to innovate and create new product offerings that tailor to our customers’ requirements, through the support of our strong internal technological capabilities.</p> <p>We have formed strategic alliances with partners that specialise in niche technology that complements our overall customer offerings.</p>	<ul style="list-style-type: none"> • Technological Innovation • Human Capital Development • Strategic Alliance 	<ul style="list-style-type: none"> • Innovation • Human Capital Development • Supply Chain
<p>HeiTech engages key industry players and builds strategic partnerships with suppliers. HeiTech’s procurement process is designed to ensure minimal disruption as possible to our supply chain.</p> <p>This is achieved through the engagement with multiple vendors where reliance on a single entity is minimised. HeiTech puts effort in having strong collaboration with the partners to ensure seamless support right from the stage of obtaining competitive pricing to project delivery.</p>	<ul style="list-style-type: none"> • Strategic Alliance • Accredited Management System 	<ul style="list-style-type: none"> • Supply Chain • Service Quality • Governance, Ethics and Compliance

THE RISKS WE CONSIDER

RISK TYPE	BUSINESS CONTEXT	IMPLICATIONS
 Cyber Threat	<p>The risk of cyber threats is significant, real and continue to grow along with technological advancement as more individuals and businesses rely on digital infrastructure. Being in a digital world with increasing global connectivity and usage of cloud services means a much larger attack vector than in the past to any organisation in the world, HeiTech included.</p> <p>Cyber attacks can result in serious consequences. The rise of Internet of Things (“IoT”) devices and cloud computing has created new vulnerabilities that can be exploited by cyber criminals.</p>	<ul style="list-style-type: none"> • Affecting reputation among customers due to data breaches. • Litigation and penalties associated with leakage of confidential information.
 Diversification	<p>In order to remain relevant due to market competitiveness, HeiTech has move towards diversifying our product and service offerings as part of our pivoting strategy to create additional revenue streams.</p> <p>However, entering into new market may expose us from market and financial risk, as we are not familiar with the new market and it also requires big investment to get into new market and to complete the product.</p>	<ul style="list-style-type: none"> • Inability to achieve Return on Investment. • Inability to source financing for new ventures. • Unable to meet our commitments as per contract. • Adverse reputational impact.
 Legal and Regulatory Environment	<p>HeiTech operates in a highly regulated industry that requires strict adherence to the regulatory requirements. For example, our new services offerings of Managed Security Services Secure-X, Smart Parking Solutions (“SPS”) and our payment gateway solutions need to comply with requirements by Bank Negara Malaysia (“BNM”) in order to operate.</p> <p>Non-compliance to applicable regulations or negligence might affect the company via possible litigations which have dire consequences to HeiTech’s reputation and will give an adverse effect financially.</p>	<ul style="list-style-type: none"> • Negative impact to the company’s revenue. • Financial losses due to damages and legal fees incurred. • Reputational damage which may impact future business potential.

THE RISKS WE CONSIDER

MITIGATION MEASURES

HeiTech has established various security measures to mitigate the risk in preventing cyber attacks and to shield our IT infrastructure from security breaches. This is achieved through our Secure-X Managed Security Service, where we manage cyber security risks via threat intelligence and threat hunting, encourage the collaboration between cyber-risk assessors and business operations. We focus on digital resiliency and facilitate the convergence of security, efficiency and agility.

It is vital for our cyber security measures to be at its best in order to ensure business operations remain running, data protected and to ensure business continuity to prevent unexpected service downtime.

We perform regular market studies and assessments to identify opportunities and potential threats that may arise for diversification of new products and new markets. This is done through our engagement of Subject Matter Experts (“SME”) to provide insights on the new business initiatives.

HeiTech also conducts due diligence through platform such as the Investment Committee to evaluate any investment made by the company. Monitoring will be done from time to time to assess the investment threshold to ensure investment will give returns to the stakeholders.

HeiTech ensures that we comply with the requirements of the stakeholders in order to position our products and services in the market. These new requirements of compliance is on top of the attestations and accreditation that HeiTech has already obtained to ensure quality services are delivered to our customer.

HeiTech also ensures compliance with regulations by strictly monitoring any legislative changes made by the stakeholders at all times.

Strategy	Material Topics
LINKS	
<ul style="list-style-type: none"> • Technological Innovation • Accredited Management System 	<ul style="list-style-type: none"> • Innovation • Cybersecurity and Privacy • Governance, Ethics and Compliance • Human Capital Development
<ul style="list-style-type: none"> • Strategic Alliance • Market Retention and Expansion • Expansion of Product Mix • Technological Innovation 	<ul style="list-style-type: none"> • Innovation • Supply Chain • Human Capital Development
<ul style="list-style-type: none"> • Accredited Management System • Human Capital Development 	<ul style="list-style-type: none"> • Governance, Ethics and Compliance • Service Quality

OUR STRATEGIC PROGRESS

HeiTech's value generation continues to be enhanced by utilising six (6) capitals and nine (9) materiality issues. The successful interaction of capitals and their connection to materiality enables HeiTech to provide outputs for the firm and meaningful results that benefit all stakeholders.

These qualities are gradually created through time and are continually examined in concert with technological and market developments. This is to guarantee that we remain relevant and provide value to our stakeholders.

Materiality

- Supply Chain
- Service Quality
- Innovation
- Strategic Social Contribution
- Cybersecurity and Privacy
- Governance, Ethics and Compliance
- Human Capital Development
- Environment, Safety and Health
- Customer Experience

Capital

- Financial
- Human
- Manufactured
- Natural
- Intellectual
- Social and Relationship















Business Strategies

- Market Retention and Expansion
- Strategic Alliance
- Expansion of Product Mix
- Accredited Management System
- Technological Innovation
- Human Capital Development

BUSINESS STRENGTHS

	Linkage to Materiality	Risks
Experienced Industry Player with Proven Track Records		<ul style="list-style-type: none"> Market Innovation Supply Chain
Broad Mix of Revenue Across Commercial and Public Sectors		<ul style="list-style-type: none"> Market Innovation Diversification
Expanding Regional Footprint		<ul style="list-style-type: none"> Market Supply Chain Legal and Regulatory Environment Diversification
Innovative Solutions and Services suited for all Markets		<ul style="list-style-type: none"> Market Innovation Cyber threat Diversification
Dynamic Strategic Alliance with Partners		<ul style="list-style-type: none"> Market Supply Chain Legal and Regulatory Environment
Process Accreditation		<ul style="list-style-type: none"> Cyber Threat Legal and Regulatory Environment
Human and Intellectual Capital		<ul style="list-style-type: none"> Innovation Legal and Regulatory Environment

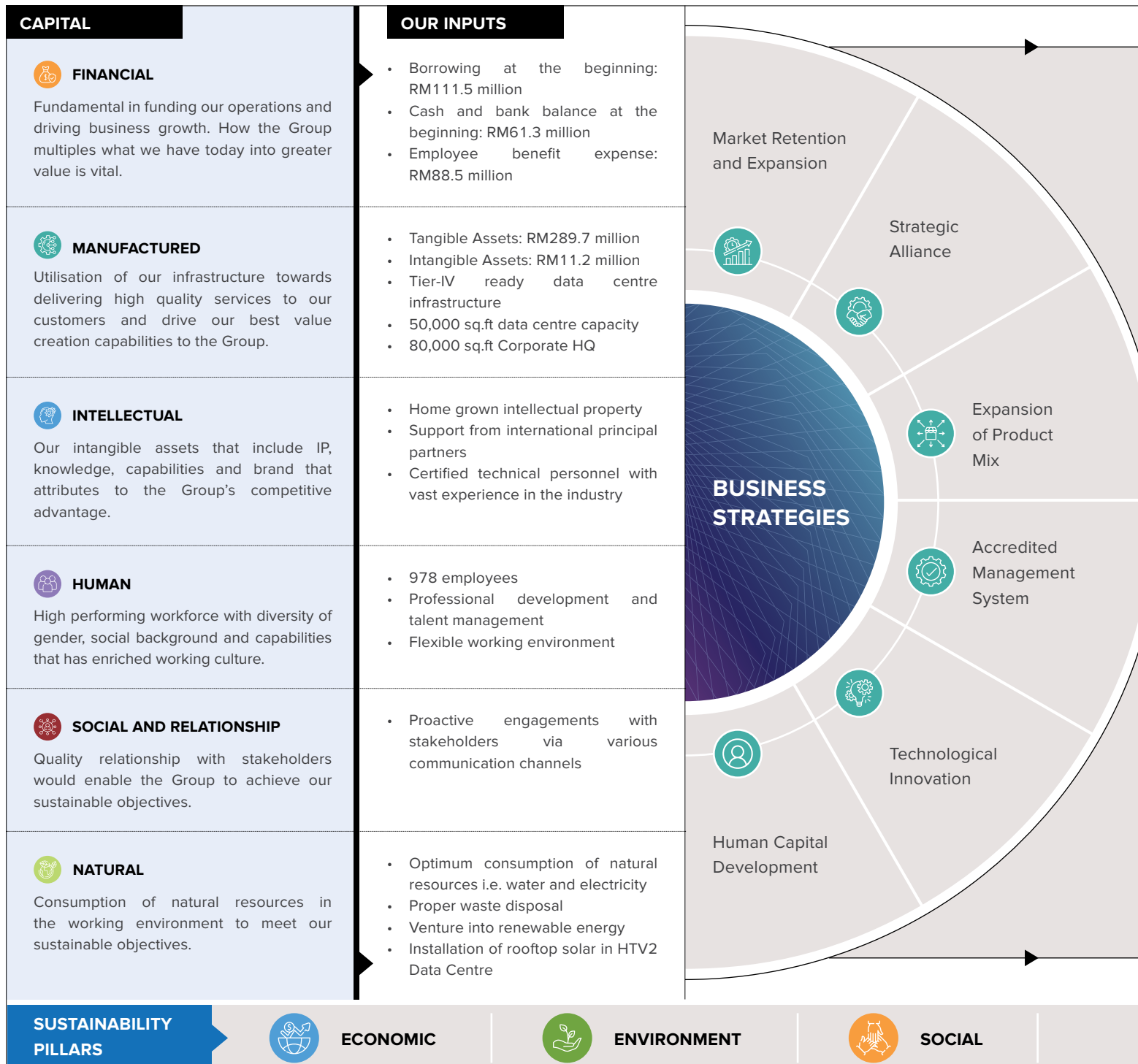
OUR STRATEGIC PROGRESS

Business Strategies	Capital Affected	OUTPUTS, PERFORMANCE HIGHLIGHTS AND ACHIEVEMENTS
		<p>HeiTech, by its merit has secured multiple projects for 2022 from both the public sector and commercial sector.</p> <p>In the public sector, HeiTech has secured a 5-year contract from the Ministry of Defence (“MINDEF”) to maintain the Tactical Operational Flight Trainer Simulator for Sukhoi 30-MKM fighter jets. In addition, we have secured extension of maintenance contract for Jabatan Pengangkutan Jalan (“JPJ”) for mySIKAP and mainframe systems and we have also secured a hardware leasing contract from the Ministry of Higher Education (“MOHE”). As for the commercial sector, we have secured a contract to supply and maintain the managed wide area networks infrastructure services for Permodalan Nasional Berhad and Amanah Saham Nasional Berhad, for five 5 years.</p>
		<p>The Group’s revenue is contributed by customers from both public and private sectors. The Group recorded a revenue of RM293.9 million in 2022. 48% of the revenue is contributed by the public sector and the remaining from private sector namely from financial institutions, insurance companies and retail.</p>
		<p>HeiTech continues to expand our presence in the region, recently through the establishment of PT DesaTech Nusantara. Through this, we have implemented our homegrown co-operative system and school management system in Indonesia with positive take up rate over the years.</p>
		<p>We customised our offerings based on customers’ needs and requirements by leveraging on the latest technology and applications. Among our latest products that we had successfully developed and marketed are smart parking solutions, electronic licensing application and cooperative system. HeiTech has also launched our in-house digital identity solutions, t-Pay for payment gateway and t-Verify for eKYC.</p>
		<p>In recognition of our contribution through the strategic collaboration with our partners, HeiTech was awarded the SASE Partner of the Year FY22 Award and Strategic Sales Partner Excellence of the Year FY22 Award from Palo Alto Networks.</p>
		<p>HeiTech adhered to internationally recognised management system standards and successfully maintained the attestations and accreditations from various international certification bodies. The accreditation includes CMMI Level 3, QMS, ISMS, SMS, BCMS and ABMS. In addition to the HTV2 PCI DSS attestation of compliance, HeiTech has also achieved the TIA-942 Rated-3 Data Centre for HTV2, a data centre facilities certification and globally recognised certification which emphasises HeiTech’s commitment to deliver the highest quality services to our customers.</p>
		<p>HeiTech has a total of 989 staffs in which 80% of the staff are technical and customer facing personnel and the remaining 20% are on the operational support. Our talent pool comprises of industry’s top technology experts in their respective fields which brings a range of benefits to our organization, including increased productivity, enhanced innovation and improved competitiveness. This provides us with an extensive knowledge base and vast institutional memory to serve the relevant markets.</p>

OUR VALUE CREATION MODEL

HeiTech creates value by leveraging on six (6) capitals. Value creation is essential for any business to remain competitive and it is a critical component of business strategy and involves continuous efforts to innovate, improve and optimize operations to deliver the best possible outcomes for all stakeholders involved.

Despite the turbulent operating environment of FY2022, HeiTech's value creation approach remains undisrupted.

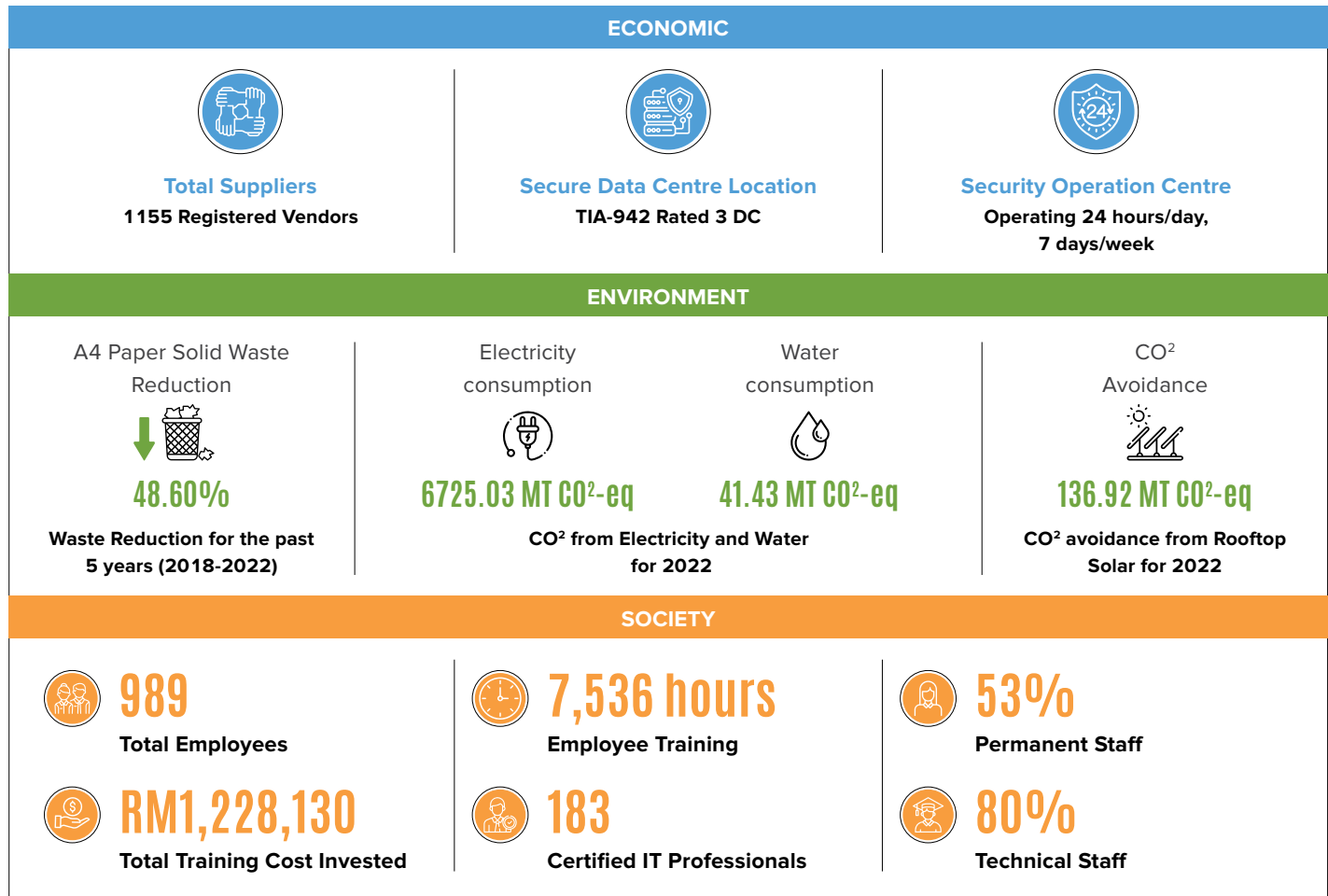


OUR VALUE CREATION MODEL

	OUR OUTPUTS	OUR OUTCOMES
<p>BUSINESS STRENGTHS</p> <ul style="list-style-type: none"> Experienced Industry Player with Proven Track Records Broad Mix of Revenue Across Commercial and Public Sectors Expanding Regional Footprint Innovative Solutions and Services suited for all Markets Dynamic Strategic Alliance with Partners Process Accreditation Human and Intellectual Capital 	<ul style="list-style-type: none"> Revenue: RM293.9 million EBITDA: RM8.1 million Cash and bank balance: RM40.6 million Share Capital: RM117.7 million Borrowing: RM113.6 million <hr/> <ul style="list-style-type: none"> Improved pipeline and funnel management Expansion of customer base Achieved the TIA-942 Rated-3 Data Centre for HTV2 <hr/> <ul style="list-style-type: none"> Adopted international standard and certification i.e. CMMI Level 3, QMS, ISMS, SMS, BCMS and ABMS Internal knowledge-based repository Creation of new innovative products and solutions New market penetration <hr/> <ul style="list-style-type: none"> 989 employees 80% technical and 20% non-technical workforce Certified technical personnel <hr/> <ul style="list-style-type: none"> Community programs by HeiTech Cares Participation in industry roadshows and events Internships for more than 100 students University visits 3U11 program with UiTM Partner engagement programs Stakeholder engagement via events and social media platform <hr/> <ul style="list-style-type: none"> 2.94 MT solid waste from paper 9,889 m³ of water 9,690,242 Kwh electricity Energy savings through rooftop solar installation at our HTV2 Data Centre 	<ul style="list-style-type: none"> Paid Income Tax: RM717K Wages and Benefits: RM86.6 million Paid to financiers: RM3.9 million <hr/> <ul style="list-style-type: none"> Total Assets: RM297.0 million Excellent connectivity, availability, accessibility and seamless customer support via our Universal Service Centres ("USC") across Malaysia <hr/> <ul style="list-style-type: none"> Recognition and awards received from the industry Penetration into the mass-market – B2C initiatives such as Smart Parking Solutions and Kolleg Creation of new products - t-Pay, t-Verify, ezbill, ProDoc, ProSchool and Elis <hr/> <ul style="list-style-type: none"> Work-life balance Increased productivity Highly skilled professionals Creation of brand ambassadors in niche areas <hr/> <ul style="list-style-type: none"> Stronger relationship with stakeholders Creation of job opportunities for fresh graduates Nurture talents of the younger generation in the IT industry Enhance the living standards of the community Build a strong brand and gain market insights <hr/> <ul style="list-style-type: none"> Reasonable usage of paper and electricity leading to lower carbon emissions Creation of new revenue streams in the renewable energy sector



SUSTAINABILITY STATEMENT



INTRODUCTION

HeiTech Padu Berhad is a leading technology solutions provider that is committed to creating innovative products and services that cater to specific target markets. The company's mission is to "touch lives with innovative solutions", not only has a strong focus on sustainability as a core component of its operations, but also in ensuring that we contribute towards sustainable development of Malaysia.


We are dedicated to contribute towards sustainability in incorporating sustainable practices into our operations. Started with digitising and digitalising our customers' processes, to creating niche products and solutions, form parts of our continuous efforts in using technology via innovation. The effort focuses towards ensuring our continuous ability to develop innovative solutions that provide value to our stakeholders in terms of the economy, environment and society.

Our involvement in the technological advancement and progress demonstrates our commitment towards becoming a trusted technology partner for the stakeholders and at the same time, harnessing new business opportunities for future value creation in ensuring a sustainable nation.

SUSTAINABILITY STATEMENT

1.0 ENVIRONMENT, SOCIAL AND GOVERNANCE (“ESG”) STATEMENT

As an information technology company, HeiTech recognises the importance of Environmental, Social and Governance (“ESG”). We understand the challenges of working in developing and emerging markets and strive to build sustainable, equitable, healthy and diverse communities through innovative digital transformation and IT solutions, combined with strong ESG performance.

 <p>ENVIRONMENTAL</p> <p>We aim to embed environmental stewardship in all our business activities. We develop guidelines that define the principles, goals and focal areas for environment protection and safety. We have implemented waste management initiatives aimed at minimising paper usage and assisted our customers and partners in implementing advanced applications and technologies to reduce resource and energy consumption that have adverse environmental impacts. We are committed to reducing our energy and carbon impacts as we recognised the risks of climate change.</p>	 <p>SOCIAL</p> <p>We aim to create safe and inspiring workplace where people feel valued and motivated. We foster personal and professional growth for all employees through annual performance reviews, role-specific training and professional development opportunities. Our Health and Safety policy aims to ensure safety in our work practices, improve working conditions and promote the occupational health, safety and wellbeing of employees. We embraced and value diversity in all forms with our recruitment process aims to develop a community of diverse talent. Our corporate social responsibility projects focus on helping underprivileged groups, including orphaned or disadvantaged children, the elderly and disabled individuals.</p>	 <p>GOVERNANCE</p> <p>We believe that good governance is essential to creating and preserving value for our shareholders and stakeholders. We comply with all applicable laws, rules, regulations and policies, and adhere to our corporate values and business principles. We have an effective, diversity and highly skilled Board of Directors that provides guidance and oversight for the company’s strategic direction. Our Board of Directors and employees conduct themselves in accordance with the highest moral and ethical standards and we have strict policies to protect against unlawful discrimination and harassment.</p>
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Why ESG Matters

We strongly believe that incorporating ESG principles leads to higher value creation. Given the global challenges we face, including climate change, pollution, inequality and poverty, responsible businesses like ours have a crucial role in embedding ESG into our approach. This ESG Statement highlights the interconnectedness of economic, environmental and social factors and how considering all three can lead to higher value creation for businesses and society as a whole.

SUSTAINABILITY STATEMENT

2.0 SUSTAINABILITY AGENDA

HeiTech’s commitment to being a trusted technology partner extends to all stakeholders, including customers, clients, shareholders, employees, vendors and visitors to HeiTech and the community at large. To achieve this vision, the company has identified the need to create and provide value continuously, ensuring that it is meeting the needs and expectations of all its stakeholders.

HeiTech’s sustainability agenda is to pledge our commitment towards incorporating Economic, Environmental and Social (“EES”) factors into our strategic decision-making. HeiTech aims to balance our business goals with the needs of our stakeholders and the impact in our operations to the environment and the community.

3.0 SUSTAINABILITY GOALS

The 2030 Agenda for Sustainable Development, adopted by all United Nations Member States in 2015, provides a shared blueprint for peace and prosperity for people and the planet, now and into the future. At its heart are the 17 Sustainable Development Goals (“UN SDGs”), which are an urgent call for action by all countries in a global partnership.

HeiTech strategises and plans sustainability initiatives based on these UN SDGs, with nine (9) of them significantly linked to our business operations. These areas are:



HeiTech’s Sustainability Goals

Goal 1	Goal 2	Goal 3
<p>To achieve higher levels of sustainable economic growth via innovation, technological advancement and diversification of products and services.</p>	<p>To promote and practice environmental sustainability via the utilization of reliable and modern clean energy as well as the safety and health of relevant stakeholders.</p>	<p>To ensure sustainable social development for employees and their work environment, global partners, cybersecurity, community support as well as customers.</p>

SUSTAINABILITY STATEMENT

4.0 COMMITMENT TOWARDS SUSTAINABILITY

The United Nations Global Compact was established to promote the adoption of sustainable and socially responsible policies by businesses worldwide, as well as to encourage them to report on their implementation progress. It is a principle-based framework for businesses, which includes ten (10) principles relating to human rights, labour, environment and anti-corruption.




At HeiTech, we believe in integrating economic, social and environmental factors into our business practices as part of our sustainability approach. We are committed to the UN Sustainable Development Goals and actively contribute to the UN Global Compact through innovation, digitisation and other technological advancements in ICT.

In line with our sustainability agenda and goals, our sustainability efforts revolve around three (3) key sustainability commitments:

Responsible Business	ICT for all	Economic, Environmental and Social Impact
<p>HeiTech is dedicated to following ethical business practices that go beyond mere compliance with the law. These practices encompass a range of areas, such as human rights, anti-corruption, occupational health and safety and responsible sourcing. Additionally, HeiTech remains committed to adhering to the principles outlined in the UN Global Compact and the UN Guiding Principles on Business and Human Rights.</p>	<p>At HeiTech, our commitment is to implement advanced solutions that not only provide digital delivery and services, but also facilitate access and improve quality of life for the people. This forms the foundation for our work, enabling us to meet the needs of society in various areas such as healthcare, transportation, defence, entrepreneurship, local government and humanitarian response.</p>	<p>We are committed to constantly enhance our economic and environmental performance by leveraging the use of our products and services. We strive to minimize the negative impacts of our business operations and maximize the environmental benefits resulting from the implementation of technology. Our aim is to ensure that our products and services are environmentally friendly hence reducing our overall carbon footprint.</p>

5.0 MANAGEMENT APPROACHES AND ACTION PLANS

In order to achieve higher levels of economic growth, promote and practice environmental sustainability, safety and health as well as ensuring sustainable social development, our management approaches are targeted at long-term and holistic sustainable growth. Our disclosure and strategies are segmented into EES, where we further define the ten (10) focus areas as follows:

 <p>ECONOMIC</p> <ul style="list-style-type: none"> • Supply Chain • Stakeholder Engagement • Service Quality • Cybersecurity • Anti-Bribery and Corruption 	 <p>ENVIRONMENT</p> <ul style="list-style-type: none"> • Our Consumption • Our Offerings 	 <p>SOCIAL</p> <ul style="list-style-type: none"> • Employees • Customers • Community Support
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SUSTAINABILITY STATEMENT

MEASURING OUR ECONOMIC MATTERS



Link to UN SDGs:



INTRODUCTION

As we reflect on the past decade, it's clear that the world's approach to business has shifted dramatically. More and more organisations are recognising the importance of Economic, Environmental, and Social (EES) principles in their operations, and at HeiTech, we're proud to be among them. For us, EES compliance isn't just a box to check—it's a crucial commitment to ensuring that our business practices are sustainable, responsible, and future-proof. So join us as we take a closer look at how HeiTech is leading the way in prioritising EES principles and creating a brighter future for generations to come.

HeiTech conducts all economic activities, including production, consumption and capital formation, with a focus on sustainability. As part of this commitment, we have implemented initiatives to ensure a sustainable supply chain, which is crucial for meeting our business objectives while addressing sustainability concerns. Our sustainable supply chain approach involves working closely with key stakeholders such as customers, vendors and principals. We believe that going the extra mile to prioritise sustainability creates value to our stakeholders and contributes to the long-term success of HeiTech. By prioritising sustainability, we aim to ensure business continuity and create a positive impact on the environment and society as a whole.

We intend to continue doing our part by integrating sustainability aspects into our business operations, from having a sustainable supply chain practise, establishing a fair work environment for our employees and continue fostering innovation amongst our Warga HeiTech.

1.0 SUPPLY CHAIN

1.1 Supplier Management

As a responsible organisation, we believe in ensuring accountability and transparency in our supply chain. In line with this, we ensure that our partners/suppliers/vendors will comply with our procurement process in order to maintain our reputation and protect our brand image.

Apart from receiving competitive pricing from our principal partners, we also benefit from the strategic partner enablement programme through trainings and certifications provided in various technical skill sets to complement multiple products and services we offer to the market. In addition, there is also unique mentor-mentee programmes organised by the partners that promotes diverse leadership development via group discussion, networking and company-to-company best practice exchange across a selected network of customers and partners committed to diversity and inclusion.

HeiTech has made several commitments to establish a sustainable supply chain. One such commitment is the implementation of a thorough screening process that includes various sustainability criterion as a requirement for all our suppliers and vendors before they can be accepted into our Approved Vendor List (AVL).

Amongst the criteria we evaluate during the screening process are as follows:

-
- Sustainability and financial stability and credit strength
 - Proven track record and trade references and years in business
 - Compliance to Quality control method and practises (MS ISO 9001:2015, MS ISO 37001:2016, CMMI or equivalent)
 - Core competency in supplier's line of business
 - Ability to provide niche or unique product offering and/or design concept
 - Ability to supply all the products required or the complete solution
 - Adequacy of distribution / warehouse facilities and resources
 - Other criteria such as pre and post sales support, location of vendor premise
-

We also maintain full transparency in our supply chain by conducting a two-way evaluation process that involves a Vendor Satisfaction Assessment (VSSA) and a Vendor Evaluation Survey (VES). These evaluations not only helps us in ensuring that both our vendors and HeiTech are meeting each other's requirements, but also to monitor our vendors' performance and determine areas for improvement, in line with requirements from the Standard and Industrial Research Institute of Malaysia ("SIRIM").

In addition, HeiTech as supplier ourselves also subscribe to the same values that we expect our suppliers to uphold where we ensure supply chain processes are made more efficient and allowing our clients to focus on their core businesses.

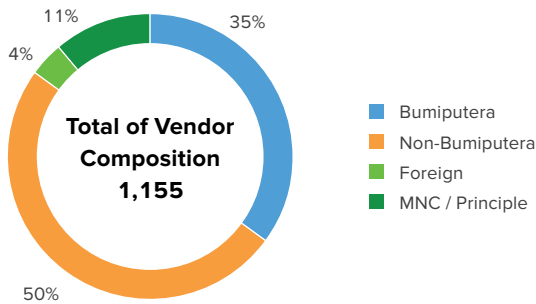
1.2 Supplier Diversity

HeiTech subscribes to efficient, fair and transparent procurement activities. Suppliers are selected based on merits and capabilities, after performing extensive background checks to validate their credibility. We prioritise meritocracy in our procurements policy. This is to ensure that we are consistent with our vision of being the trusted technology partner to our customers and providing values as our top priority. We never discriminate our suppliers in order to create diverse composition to our list of suppliers and principals.

By maintaining a diverse supplier base, we aim to minimize our dependence on any one supplier or region, thereby reducing the risk and impact of potential supply chain disruptions. This strategy enables us to provide our stakeholders with a reliable and uninterrupted supply of products and services, which is crucial to building trust and maintaining our reputation as a responsible and sustainable organisation.

SUSTAINABILITY STATEMENT

Through our commitment to effective supply chain management, we strive to create value not only for our organisation but also for our stakeholders, by ensuring the continuity and resilience of our operations in the face of potential disruptions. The following are the vendor composition for HeiTech:



With a total of 1,155 suppliers for the year under review, HeiTech suppliers spread across Bumiputera, Non-Bumiputera, Foreign Company and Principal.

1.3 Strategic Partners Collaboration

Sustainability is achieved through strategic collaboration of partnerships where HeiTech is able to strategically capitalise on working together across organisational boundaries to achieve public-private partnerships, strategic alliances and joint ventures. Through collaboration, we evolve progressively to widen our marketing network and distribution channels in Malaysia and international markets.

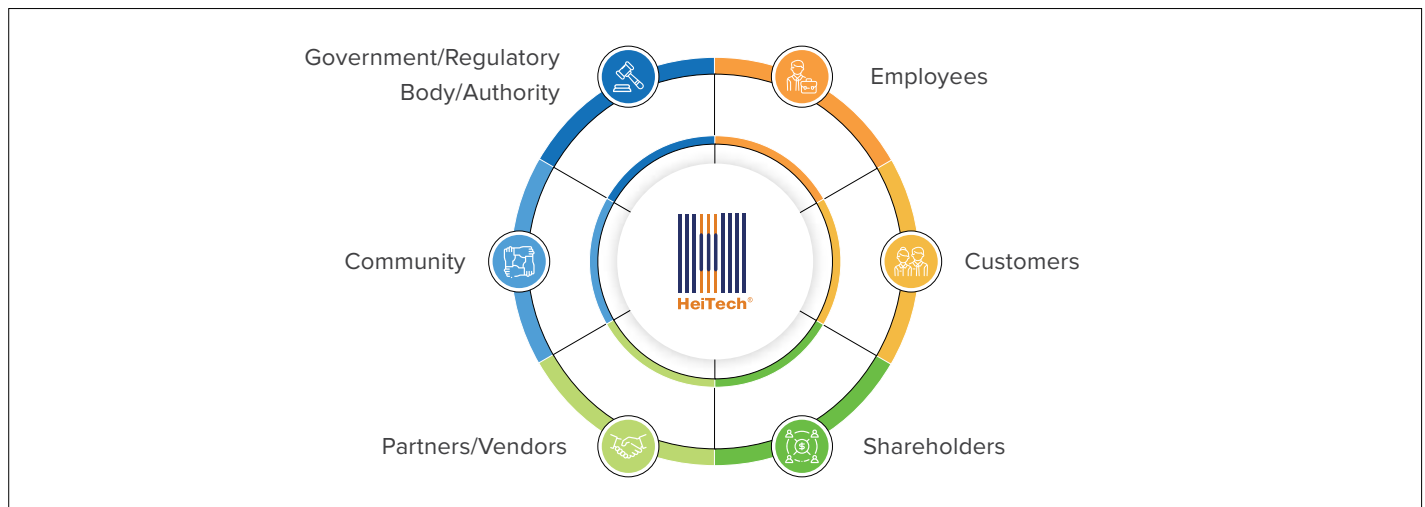
Collaboration allows the sharing of best practices, technology updates and strategies that we adopt and apply across our value chain services to support the requirements of our customers. Multi-sector partnerships draw on diverse competencies of partners from many sectors and the huge potential to combine resources, skills and knowledge from a wide range of stakeholders for promoting greater sustainability across the globe.

2.0 STAKEHOLDER ENGAGEMENT

Our organisation strongly believes that stakeholder engagement and sustainability are closely intertwined and must be addressed in conjunction with one another. Failing to do so could result in a lack of understanding of the diverse needs and requirements of each stakeholder, not only on economic matters but also on sustainability concerns.

By actively engaging with our stakeholders, we can better understand their expectations, concerns and needs related to sustainability. Stakeholder engagement can help us identify our sustainability risks, opportunities and develop strategies and initiatives to address them. We promote transparency, accountability and trust, which are essential for long-term sustainability.

Our stakeholders are categorised as below:



SUSTAINABILITY STATEMENT

The types of engagement differ for each of our stakeholders as per below table:

Types of Engagement	Frequency
Employees	
Internal Satisfaction Survey	Annually
Dialogue with Employee	When needed
Kick-Off Session	Annually
Internal Newsletter	Quarterly
Kelab Kakitangan HeiTech	Periodic
Customer	
Customer Satisfaction Survey	Once every 2 years
Customer Call Operation	24 x 7
Customer Engagement Programme	Periodic
Meeting and Discussions	Scheduled
Customer Audit	Scheduled
Shareholders	
Annual Report	Annually
Annual General Meeting	Annually
Investor Relation Portal	When needed
Financial Reports	Quarterly
Partners / Venture	
Partner Engagement Programmes	Scheduled
Technology Update Sessions	When needed
Vendor Satisfaction Survey	Annually
Vendor Performance Evaluation	Annually
Tenders, Biddings and Quotations	When needed
Procurement Policy Updates	When needed
Community	
Community Engagement with HeiTech Cares Volunteers	Periodic
Industry Visits by Universities	When needed
Donations and Sponsorship	When needed
Government, Regulatory Body, Authority	
Audit, Meetings and Site Visits	When needed

3.0 SERVICE QUALITY

As one of the leading ICT companies in Malaysia, service quality is of the utmost importance in HeiTech's business offerings. There is a growing recognition that sustainable business practices are necessary for long-term success and service quality plays a crucial role in achieving sustainability in line with our core values and principles.

We understand that prioritising service quality will enable customer retention, reduce waste and minimize environmental impact. In addition, they are more likely to build trust with stakeholders, which is essential for creating sustainable relationships and partnerships.

HeiTech takes service quality delivery to our customers seriously. In order to achieve excellent service quality, HeiTech has developed our own project management, application development and testing processes, referred to as HeiTech Defined Process (HDP). These processes are based on global best practises from the Project Management Institute ("PMI"), Capability Maturity Model Integration Institute ("CMMI") and Test Maturity Model Integration ("TMMi").

In 2021 reassessment, HeiTech has successfully retained CMMI for Development v2.0 Maturity Level 3, assessed by the CMMI Institute from the United States. HeiTech is also one of 6 organisations in Malaysia to have achieved and maintained the CMMI maturity level as of 2022.

The adoption of these structured processes for IT projects, which includes HeiTech's Project Management Information System ("PROMISE"), Application Development Information System ("ADVISE") and Product Evaluation for Compliance Information System ("PRECISE") provides guidance to improve the organisation's processes and ability to manage the development, deployment and maintenance of products and services.

These processes are regularly reviewed and updated, to ensure that they conform to changes in technology and the industry. The defined business processes of HeiTech are available online to all staff, through our knowledge repository.

SUSTAINABILITY STATEMENT

4.0 CYBERSECURITY

Reliance in digital world has increase many-folds over the last few years. Due to this increasing reliance, cybersecurity becomes more and more crucial. Cyber risk is the most immediate and financially material sustainability risk that organisations face today. Those that fail to implement good governance on cybersecurity, using appropriate tools and metrics, will be less resilient and less sustainable. Cases related to cyber crimes costed organisations and countries billions, both to prevent and to combat these attacks. Even organisation like NASA is susceptible to cyber threat. A breach or failure of digital infrastructure including cyber attacks could result in the loss or breach of data or sensitive information, injury to people, disruption of business, harm to the environment or assets, legal or regulatory breaches and legal liability.

In HeiTech, we recognised the importance of having effective and meaningful privacy protection. We continuously adopt a stance of pro-active vigilance to prevent any cyber attacks which can lead to breach of data and any other untoward incidents. We strived to infuse digital trust and confidence in our customers through robust privacy and information security policies, frameworks and IT management. We maintained a high degree of IT control and compliance. Beyond establishing a clear information and communication technology security policy, we also maintained certification on Payment Card Industry Data Security Standard (“PCI DSS”) since 2017, a proprietary information security standard for organisations that handle credit cards from the major card issuers.

HeiTech continuously invests in IT security systems, in the effort to defend against cyber attacks and to ensure that our operations are always on track and services are delivered without any disruption. Our compliance to IT security best practices such as MS ISO 27001:2013 - Information Security Management Systems (“ISMS”) and implementation of IT security controls have allowed us to prevent cyber attacks and remain in operation throughout the year. We are also committed to working collaboratively across industry, government, educational institutions and NGOs in the fight to protect individuals and businesses around the world.

Our strength in cybersecurity is also visible via our Secure-X Managed Security Service, where we manage cybersecurity risks via threat intelligence and threat hunting. With Secure-X, the collaboration between cyber risk assessors and business operations is streamlined and optimized, enabling a more efficient and effective approach to managing cyber risks. Digital resiliency and convergence of security, efficiency and agility are also one of our main focus. We also secure possible vulnerabilities and risks to ensure continuous services availability.

Companies may face financial losses, disruption in operations and may lead to bankruptcy if the conditions persists. The following cybersecurity measures are undertaken to protect data, ensure business continuity and prevent unexpected service downtime.

- Existence of robust standard operating procedures and enforceable regulations for the use of corporate systems, confidential data, email, mobile devices and passwords.
- Deployment of firewalls, antivirus and antimalware systems, access management systems and vulnerability assessment systems throughout the entire IT infrastructure.
- Restriction on certain websites and social media portals with high cyber risks to avoid malicious attacks via the exploitation of vulnerabilities.
- Restriction on the usage of external hardware appliances and other media within HeiTech’s premises.
- Conduct regular penetration tests and audit activities to ensure the robustness of the entire IT infrastructure.
- Conduct backups of data and disaster recovery tests at planned intervals.
- Conduct regular trainings to employees, to ensure a high level of awareness on the security standards which we need to adhere to.

5.0 ANTI-BRIBERY AND CORRUPTION

HeiTech believes in operating its businesses based on high standards of integrity, transparency, ethics and accountability and is against corruption in all its forms.

We have a zero-tolerance policy towards any unethical, illegal and corrupt work malpractices and are committed to professionalism, fairness and ethical business dealings. To ensure all employees, vendors and business partners are committed to complying with this practice; formal communications have been established on policies and processes and these are made available and accessible on HeiTech’s website. Such policies and procedures include:

- ✓ Anti-Bribery and Corruption Policy
- ✓ Whistleblowing Policy and Guidelines
- ✓ Integrity Kit for HeiTech Business Associate

HeiTech is committed to conducting its business in a legal, ethical, fair, safe and responsible manner and expects its approved vendors to meet the same high standards to ensure consistent and transparent supply chain.



SUSTAINABILITY STATEMENT

DOING OUR PART FOR THE ENVIRONMENT



Link to
UN SDGs:



INTRODUCTION

Environmental sustainability has become a critical issue for businesses of all industries and sizes, and for HeiTech, there are no exceptions. As the world faces increasingly complex environmental challenges, including climate change, resource depletion and pollution, companies have a responsibility to contribute to sustainable development. We believe that beyond social and ethical obligations, we have many practical reasons to prioritise environmental sustainability.



SUSTAINABILITY STATEMENT

Environmental sustainability is crucial for Heitech because it contributes to long term viability, enhance the quality of life of our stakeholders and lead to a sustainable and reputable company.

Adopting sustainable practices not only helps to reduce the negative impact on the environment, but also creates opportunities for innovation and growth. Our approach towards environmental sustainability is based on the following factors:

<p style="text-align: center;">Reputation</p> <p>Consumers, investors and stakeholders increasingly expect us to act responsibly and contribute to sustainable development. A company that neglects environmental sustainability may risk damaging its reputation and losing customers and investors who prioritise sustainability.</p>	<p style="text-align: center;">Risk Management</p> <p>Environmental risks, such as e-waste, high energy consumption, and increased carbon footprint, can have significant negative impacts on the environment, society, and our business. E-waste is a growing problem as electronic devices become obsolete at an alarming rate, and improper disposal of these products can lead to environmental contamination and health hazards. High energy consumption and increased carbon footprint are also pressing concerns, as they contribute to climate change, air pollution, and resource depletion.</p>
<p style="text-align: center;">Innovation</p> <p>We believe that by prioritising sustainability, we can gain a competitive advantage by developing innovative products and services that meet our customers’ environmental needs. Investing in renewable energy, energy-efficient technologies and sustainable materials can contribute to cost savings and improved brand recognition.</p>	<p style="text-align: center;">Regulatory Compliance</p> <p>Governments around the world, including the Malaysian Government, are implementing regulations on the management of climate change to protect the environment. Companies that fail to comply with these regulations may face legal penalties and reputational damage.</p>

By prioritising sustainability, we can build trust with our stakeholders, act responsibly and create value for our customers and society as a whole.

We believe that by improving our environmental sustainability, we can achieve the following benefits:

- ✓ Improving efficiency of consumption
- ✓ Sustainable approach to product development
- ✓ Reducing waste and emissions through adopting energy-efficient practices via enforcement of strict measures to reduce electricity usage
- ✓ Optimising resource use by using renewable energy sources via solar energy, reducing water consumption and effective waste management

SUSTAINABILITY STATEMENT

1.0 OUR CONSUMPTION

As a responsible corporate citizen, HeiTech recognises the impact of our energy consumption on the environment and is committed to reducing our carbon footprint. Energy consumption is an integral part of our operations and we understand that it is crucial to balance our energy needs with our responsibility to minimise its environmental impact. In this section of our report, we will provide an overview of our energy consumption patterns and the initiatives we have implemented to reduce our energy usage. We will also discuss our progress towards our energy efficiency targets, our renewable energy projects and our plans for future sustainability initiatives. By reducing our energy consumption, we aim to reduce our carbon footprint, contribute to a more sustainable future and meet our commitments towards the United Nations Sustainable Development Goals.

1.1 Water and Electricity

The sensible use of water and electricity is vital for socio-economic development and business continuity. HeiTech continuously puts effort in optimising water and electricity usage at the workplace, by discouraging, where possible, wasteful practices.

Water

Our organisation sources water from the municipal water supply. In 2019, HeiTech ceased the management of Menara HeiTech Village in Subang Jaya. Consequently, we do not possess comprehensive water consumption data subsequent to 2019, as there are no dedicated water meters for the floors we occupy. However, we maintain records of water consumption at HeiTech Village 2 (“HTV2”).

The table below depicts our water consumption and carbon emission from water consumption at HTV2 over the last five years:

Year	Water Consumption (m ³)	Carbon Emission from Water Consumption (Metric Tonne CO ²)
2022	9,889	41.43
2021	10,360	43.41
2020	32,692	136.98
2019	47,084	197.28
2018	41,084	172.14

Note: All records are of water usage at HTV2 (including data centre) and employees working at the location. Carbon emission from water consumption was calculated from Malaysian Green Technology Corporation Carbon Emission Calculator at <http://greentechmalaysia.my/carboncalculator/>.

Electricity

The carbon emissions for an information technology company can vary depending on several factors such as the size of the office space, number of employees, the energy efficiency of the building, the type of equipment used and the energy source for powering the equipment. However, as a general guideline, a good range of carbon emissions for an information technology company of 1000 employees is between 500 and 1500 metric tonnes of CO² per year.

Our electricity consumption aligns with the GRI Standards and the Greenhouse Gas Protocol (“GHG”). The tables represents our electricity usage and carbon emissions in metric tons of carbon dioxide equivalent (“MT CO²-eq”) for the past five (5) years.

Year	Electricity Consumption (kWh)	Carbon Emission from Electricity Consumption (MT CO ² -eq)
2022	300,387	208.47
2021	244,360	169.59
2020	283,948	197.06
2019	332,590	230.82
2018	2,507,759	1,740.38

Note: Starting 2019, Electricity consumption at HeiTech Village is based on the spaces we occupied, 77,302 sf. Carbon emission from electricity consumption was calculated from Malaysian Green Technology Corporation Carbon Emission Calculator at <http://greentechmalaysia.my/carboncalculator/>.

Electricity (cont'd)

Electricity consumption and carbon emission from electricity consumption at HeiTech Village 2 for the past five (5) years:

Year	Electricity Consumption (kWh)	Carbon Emission from Electricity Consumption (Metric Tonne CO ²)
2022	9,389,855	6,516.56
2021	8,750,848	6,073.09
2020	9,126,931	6,334.09
2019	9,263,402	6,428.80
2018	9,322,773	6,470.00

Note: All records are of the use at HeiTech Village 2 building (including data centre) and employees working in that location. Carbon emission from electricity consumption was calculated from Malaysian Green Technology Corporation Carbon Emission Calculator at <http://greentechmalaysia.my/carboncalculator/>.

Total overall carbon emission from water and electricity consumption at HeiTech Village and HeiTech Village 2 for the past five (5) years:

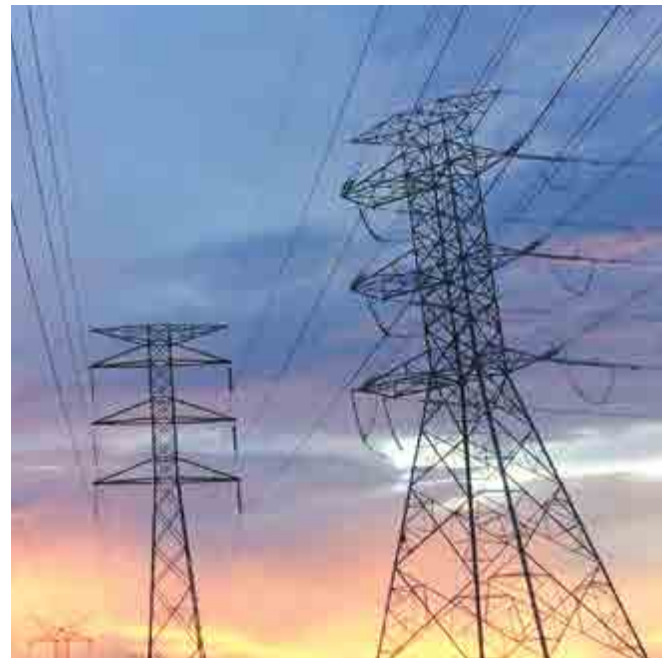
Year	Total Overall Carbon Emission from Water and Electricity Consumption (MT CO ² -eq)
2022	6,766.46
2021	6,286.09
2020	6,668.13
2019	6,856.90
2018	8,382.52

At the moment, our total carbon emissions from water and electricity usage at both HeiTech Village and HeiTech Village 2 in 2022 stands at 6,766.46 metric tonnes CO². This is an increase from 2021 and caused by the increase in electricity usage in HeiTech Village 2. This number is relatively high compared to the average of between 500 and 1500 metric

tonnes of CO². This is due to HeiTech Village 2 being a data centre in nature that requires necessary hardware to operate 24/7.

To achieve this range, HeiTech implements various measures such as using energy-efficient equipment, optimising data centre efficiency, implementing virtualisation and cloud computing, using renewable energy sources, encouraging telecommuting and remote work and promoting energy conservation practices among employees.

There was an increase in electricity usage and carbon emission from 2021 to 2022. However, overall data shows that we have reduced our carbon emission from water and electricity usage by 75.93% (130.71 MT CO²-eq) and 18.09% (1,485.35 MT CO²-eq) respectively. This reduction indicates that the efforts made in the past to reduce carbon emissions have been successful. It also suggests that continued efforts to reduce carbon emissions can result in significant progress towards reducing the impact of human activities on the environment.



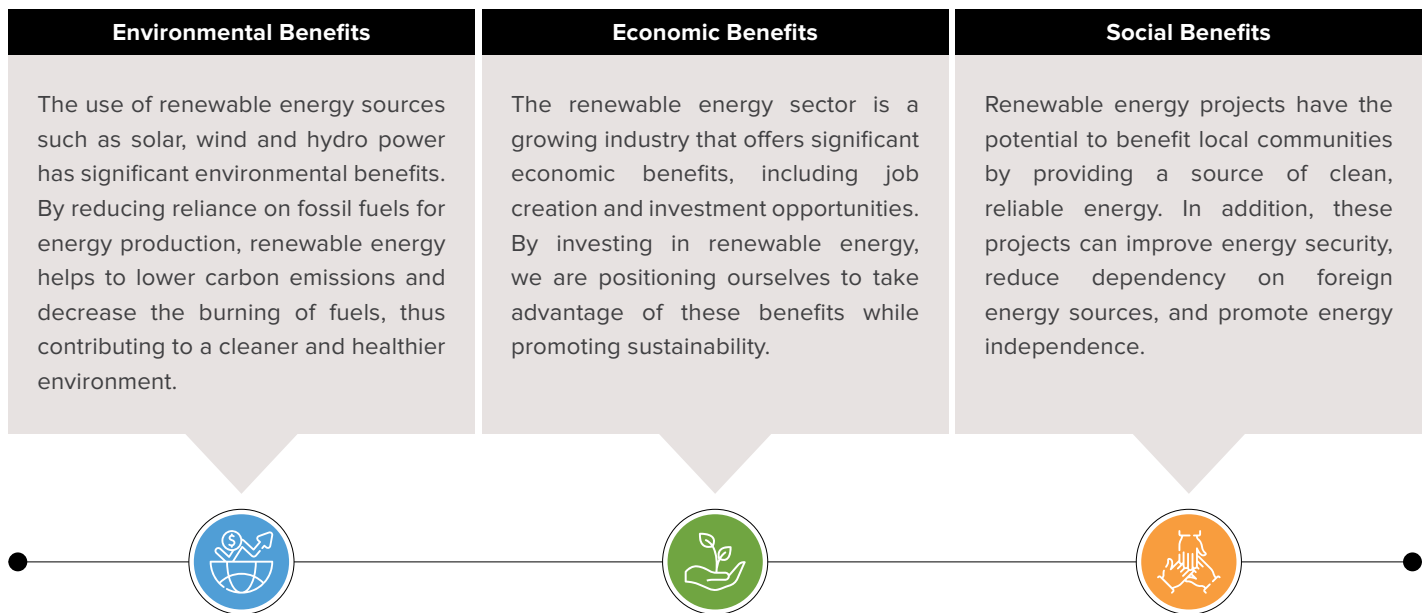
SUSTAINABILITY STATEMENT

1.2 Renewable Energy

Our organisation is committed to providing sustainable energy solutions and reducing carbon emissions that benefit both society and the environment. We focused on generating clean, renewable energy for current and future generations. Our dedication to sustainability is driven by our understanding of the crucial role that renewable energy plays in mitigating climate change.

We recognised that renewable energy has far-reaching benefits for the planet, particularly when it comes to our environment. One of the most significant advantages of solar energy is that it produces no greenhouse gases (GHG), making it an ideal solution for reducing the negative effects of climate change. By reducing reliance on fossil fuels for energy production, renewable energy can help to reduce carbon emissions and decrease the burning of fuels.

In 2019, HeiTech has established HeiTech Eco Energy to champion the renewable energy initiatives in HeiTech Group. Our consideration to establish this entity was merely as we see the importance of renewable energy for sustainability. Our guidelines on the benefits of renewable energy are segmented into three (3) pillars, as depicted below:



In December 2021, we successfully installed rooftop solar panels at HTV2, with a capacity of 159kW. These solar panels offer significant potential savings of up to RM1.3 million over 25 years.

As a renewable energy player, we recognised that climate-related issues are critical to our overall business strategy. Our renewable energy team is responsible for overseeing climate-related risks and opportunities, ensuring that the organisation is well-prepared to adapt to the effects of climate change. By understanding the impact of climate change on its future growth, we are better equipped to develop effective strategies for mitigating these risks and maximising opportunities.

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With a strategic focus on renewable energy projects, HeiTech is well-positioned to play a critical role in mitigating the effects of climate change. As a socially responsible organisation, we will continue to invest in renewable energy based on these beneficial factors:

<p>Brand Reputation</p>	<p>Revenue Generation</p>	<p>Cost Savings</p>
<p>Having a special vehicle for renewable energy initiatives, HeiTech is demonstrating our commitment to sustainability and promoting a positive brand image. This move enhances the company’s reputation as a socially responsible organisation that is committed to reducing carbon emissions and promoting environmental sustainability.</p>	<p>Our renewable energy projects offer significant revenue generation opportunities, both in terms of energy production and investment opportunities. This move not only benefits the company but also the society.</p>	<p>The use of renewable energy can help to reduce energy costs for the HeiTech’s overall operation, in which the savings can be passed back on to customers or reinvested in other renewable energy initiatives.</p>



* Rooftop Solar Panel in operation at HeiTech Village 2

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HeiTech has installed a 160kWp solar photo-voltaic (PV) system at HTV2 Data Centre. We utilise state-of-the-art solar technology along with cloud-based monitoring systems to monitor the solar plant's performance in real-time. This implementation has brought significant benefits to us, including reduced utility costs and a overall carbon footprint.

HeiTech is actively tracks three critical measurements through its real-time monitoring systems: the reduction in carbon emissions (including CO² emissions), the number of trees that can be planted using sustainable technology, and the amount of coal consumption associated with the energy used.

By implementing solar technology and monitoring its performance in real-time, we have made substantial progress in reducing our carbon footprint while contributing to the advancement of sustainable technology. As a responsible corporate citizen, we continue to explore innovative solutions to minimise our environmental impact.

The following table demonstrates HTV2's total monthly electricity bill without solar, electricity monthly bill with solar and carbon emission avoidance:

Month	Total Monthly (kWh)	Total Electricity Monthly Bill without Solar (RM)	Total Electricity Monthly Bill with Solar (RM)	CO2 Avoidance (MT CO ² -eq)
Jan	769,590.00	285,245.40	280,365.33	12.38
Feb	700,396.00	306,109.63	300,923.09	10.73
Mar	793,891.00	341,739.80	335,772.63	12.68
Apr	766,185.00	328,545.94	322,519.87	12.19
May	800,599.00	342,483.56	336,448.39	12.24
Jun	762,875.00	326,816.45	321,634.75	11.89
Jul	807,143.00	344,182.19	339,176.17	11.47
Aug	812,664.00	346,846.12	342,060.39	11.09
Sep	789,192.00	338,342.87	333,549.98	11.04
Oct	814,893.00	347,473.32	342,408.88	11.48
Nov	778,493.00	331,693.29	327,555.80	10.10
Dec	793,934.00	338,021.50	333,677.85	9.63
TOTAL	9,389,855.00	3,977,500.06	3,916,093.13	136.92

1.3 Paperless Office Transformation

At HeiTech, we understand the significant environmental impact that paper production has on our planet, including the generation of greenhouse gases, deforestation and global warming. To address these concerns, we have implemented various initiatives to minimise our paper usage and reduce our carbon footprint.

We recognised that recycling plays a crucial role in mitigating the environmental impact of paper production. As such, we encouraged the implementation of recycling practices in our workplace by providing proper avenue to recycle the used papers. We acknowledge that the inks and toners used in our printers may contain harmful volatile compounds and non-renewable substances, which can negatively impact the environment. Therefore, we continuously seek ways to reduce our reliance on printing by incorporating sustainable alternatives and digital solutions like e-signatures, cloud-based storage, and print-on-demand. Our commitment to creating a sustainable environment extends beyond reducing our paper usage to adopting digital transformation,

SUSTAINABILITY STATEMENT

cloud-based technology, and portable devices. As a trusted technology partner, we believe that technology can play a crucial role in promoting a sustainable economy. By storing important business documents such as receipts, legal documents, and bills digitally, we reduce the need for printing, save time, money and effort, and minimize our environmental impact.

As part of our commitment towards a sustainable environment, we have been sharing most of our meeting materials digitally since 2014. We limit the usage of physical copies of meeting materials as we upload the documents to cloud applications. However, for business purposes and compliance with certain requirements, we still use paper, especially in transacting with respective authorities, printing proposals and submitting tenders. We are committed to finding new ways to minimise our environmental impact while maintaining our commitment to our clients and stakeholders.

Tabulated below is our 5 years A4 paper usage in HeiTech Village:

Year	A4 Paper Usage (by reams)	A4 Paper Usage Per Average Employee (by reams)	Variance of Paper Usage (%)	Carbon Emission from A4 Paper (MT CO ² -eq)	Solid Waste (MT)
2022	2000	1.96	21.95	44.86	2.94
2021*	1640	1.49	(25.45)	36.79	2.41
2020	2,200	2.23	(36.42)	49.44	3.23
2019	3,460	3.49	(11.28)	77.56	5.08
2018	3,900	4.22	(22.00)	87.54	5.72

Note: These figures were generated from <https://c.environmentalpaper.org/individual.html> with the assumption of 1 ream = 500pcs A4 paper, with each paper weighing 80gsm or 4.99g. Total weight per ream is 2.495kg. Usage by Warga HeiTech in HeiTech Village.

* Significant reduction of paper usage in 2021 was due to nationwide lockdown.

1.4 Waste Management

HeiTech recognises the importance of mitigating the negative impact of our operations to the environment and public health. As part of our commitment to environmental stewardship, we encouraged Warga HeiTech to dispose their wastage accordingly for proper waste disposal. There are many ways to manage waste, including proper disposal and recycling. With the help of technology, it is made easier for us to monitor and track our waste disposal. We have implemented a waste management system that includes the separation of waste into three (3) types of categories, namely General Waste, Paper Waste and E-Waste.

Our General Waste includes all waste that cannot be recycled easily. We work closely with Alam Flora, a reputable waste management company, who collects our general waste based on its pre-fixed schedule.

At HeiTech, we treat documented papers separately from other types of paper. As printed paper documents may contain certain confidential information, we shred all unwanted documents with sensitive information prior to disposal.

HeiTech through its subsidiary Inter City MPC Sdn. Bhd (“Intercity”) offers their clients the option of receiving their bills and statements online over the traditional usage of physical mail. By providing these options, clients are able to meet their sustainable goals through the reduction of paper waste and other forms of emissions, such as carbon emissions through mail delivery.

We also recognised the importance of proper disposal of electronic waste or E-Waste. HeiTech’s E-Waste includes any end-of-life devices and IT equipment that are deemed for disposal. To ensure the responsible disposal of E-Waste, we have implemented proper disposal procedures. By separating and properly disposing of our waste, we aim to reduce our environmental impact and contribute to a more sustainable future.

SUSTAINABILITY STATEMENT

2.0 OUR OFFERINGS

HeiTech is a technology-based company that has a mission to touch lives with innovative solutions. We aim to become the technology pillar for smart city development, facilitating how organisations behave via our product and services offerings.

Through our offerings, HeiTech promotes automation via digitisation and digitalisation in various processes. We are committed to ensuring sustainability in both our organisation and for the community as a whole.

Of course, helping customers with their processes is only part of our innovation goals. We believe that improving internal processes is as important as helping others to improve. Among the efforts for internal improvement includes digitalising manual processes such as our internal Risk Register through our in-house developed system named ieRisk, our customer help desk system i-Focus Customer Service (“iFICS”) and our internal task management system that automates task scheduling and assignments i-SUPPORT. These internal systems have helped us to ensure we achieve the efficiency in our own workplace.

GENERATING SUSTAINABLE IMPACT THROUGH OUR CORE BUSINESS

HeiTech’s strategy for creating value involves a holistic approach to sustainability, where we seek to reduce our carbon footprint, save time and energy, and maximise efficiency across our entire value chain. To achieve this, we employ a range of sustainable practices across our operations, from technology to development processes and beyond.

We recognised the importance of reducing carbon footprint and have implemented sustainable technologies, such as cloud computing, to minimise energy consumption. In addition, we optimise the usage of both human and hardware resources to further reduce our environmental impact.

As a responsible corporate citizen, we also believe in sustainable development practices, such as agile development and continuous integration and testing. This approach enables us to develop systems and applications of high quality while minimizing our consumption of resources.

In summary, at HeiTech, we understand the importance of integrating sustainable practices into all aspects of our business. By doing so, we create sustainable value for all stakeholders, including our clients, employees and the wider community.

OUR CONTRIBUTIONS THROUGH SMART APPLICATIONS

HeiTech is a technology company that focuses on product development and promotes sustainability via applications and solutions that save time, energy and reduce the consumption of resources. Our commitment to delivering value to our stakeholders is reflected in our innovative solutions that address the challenges of our time.

Being an IT company does not have direct impact towards the environment, other than our daily operations. As such, as a responsible organisation, we play a vital role in producing solutions that can contribute towards sustainability via the usage of our customers. Our solutions varies from various industries and widely used by the end users.

A. Transport Solutions

One of our innovative solutions offered is **Smart Parking Solutions (“SPS”)**, which goes beyond public parking payment. SPS offers geo-location detection of vacant parking spaces to reduce the time spent searching for parking, hence reduces carbon emissions. We have implemented this solution in two locations in Malaysia, and it has helped to improve the efficiency of parking management while promoting a greener environment by reducing carbon emissions.

We believe that sustainable solutions require collaboration and innovation. As part of our commitment to delivering sustainable and impactful solutions that benefit our stakeholders and contribute to the advancement of our business, we have taken steps to enhance our transportation solutions through innovative partnerships and technology integration. For example, we collaborated with JPJ MySikap and **NextGate** to streamline the process of renewing road and driving licenses. By leveraging these technologies, we provide a more seamless and convenient customer experience, while also improving the overall efficiency of JPJ services.

Another transport solution that we offer is **Pintar Drive**, a system of electronic driving tests where the JPJ tester is not required to be present in the vehicle. This solution reduces the need for manpower and enhances automation for driving tests. This not only reduces the cost of operations but also helps to ensure a fair and objective driving test process for all applicants.

B. Smart Solutions

We developed smart solutions that provide local councils with tools to better manage tax and rental collection, effective and efficient communication channels, reduce over-the-counter services operations, enhance the delivery of bills and statements as well as promote local tourist attractions. Our mobile application, **Kolleq**, combines elements and functions from our other products, **Elis** and **Ezbill**, for electronic licensing and electronic billing. All these initiatives are done whilst reducing carbon footprint since users no longer have to drive around for their dealings with the local council. This solution has helped local councils to become more efficient and effective in their operations and reduce the overall carbon footprint for the local council and society as a whole.

C. Enterprise Solutions

At HeiTech, we recognised the importance of technology to enhance sustainability. Users for Kolleq can be authenticated via our eKYC (Electronic Know Your Customer) solutions t-Verify and can pay for the services through our payment gateway, t-Pay.

t-Verify enables organisations and companies to verify the identity of their customers remotely, without the need for physical documents. This not only saves time and resources but also reduces paper waste and carbon emissions associated with traditional verification methods. By minimising the need for physical travel and paper-based processes, t-Verify can help companies reduce their carbon footprint and enhance sustainability.

t-Pay offers a secure and convenient way for customers to make transactions online. This reduces the need for physical cash transactions and minimises the associated environmental impact of printing and transporting currency. t-Pay can also help reduce the use of paper-based invoices and receipts, further reducing paper waste and environmental impact. The adoption of t-Verify and t-Pay can help companies achieve greater operational efficiency, reducing costs and improving profitability.

Another enterprise solution product is **Sistem Manajemen Informasi Koperasi ("SMIK")**, a custom-developed co-operative system currently implemented in Indonesia. Through the development of the solution, we are committed to spurring growth and closing gaps through digitalisation to enhance the productivity, welfare and living standards of Indonesia's rural economy.

D. Healthcare Solutions

The **Caringhealth** solution is a hospital information system that supports clinical services while also contributing to environmental, social, and governance (ESG) principles. This digital health application caters to the entire patient journey from pre-registration to discharge, seamlessly integrating patient data across different modules, including ancillary and interoperability modules. It enables authorised doctors and healthcare providers to access patient data anytime and anywhere, thus reducing process time and associated costs.

The solution also includes essential modules such as billing and payment, medical record, diet and food services, and staff management, improving the efficiency of hospital operations, reducing administrative costs, and improving the overall financial performance of the organisation. Its contribution to ESG principles lies in improving the sustainability of healthcare organisations by promoting quality care, increasing efficiency, reducing costs, and improving patient outcomes.

SUSTAINABILITY STATEMENT

PROGRESSING SOCIETY



Link to
UN SDGs:



INTRODUCTION

At HeiTech, progressing society is essential for creating a sustainable future that is equitable, prosperous and healthy for all. Sustainability is not just about protecting the environment, but also ensuring that society is equitable and just. By progressing society, we can address issues such as poverty, inequality and social exclusion, which are all interconnected with sustainability.

Partnering with the local community on sustainability initiatives can help build strong relationships and create positive impacts. Companies can collaborate with community organisations, support local sustainability events and sponsor sustainability initiatives. Measuring and reporting sustainability progress to employees, customers and the community can increase transparency and accountability.



1.0 EMPLOYEES

Progressing society through sustainable initiatives is important for the well-being of future generations. By promoting sustainable practices now, we can ensure that resources are available for future generations to thrive. At HeiTech, we believe it is important to educate employees on the benefits of sustainability initiatives and how they can contribute to these efforts. This can be done through training, workshops and regular communication.

Encouraging employees to participate in sustainability initiatives, such as recycling or reducing energy consumption, can increase their commitment to these efforts and help build a sustainable culture within the organisation. Additionally, we can engage with customers by promoting sustainable products or services, offering incentives for eco-friendly behaviour and providing educational resources on sustainability.

1.1 Diversity and Inclusivity

HeiTech is committed to providing a fair and inclusive workplace where everyone has equal opportunities to thrive, regardless of their gender, ethnicity, age, religion or marital status. Our workforce is made up of individuals from diverse cultural, ethnic and religious backgrounds. We believe that by embracing diversity, we can reduce inequalities within our organisation.

We are also dedicated to upholding the Children and Young Persons (Employment) Act 1966, which prohibits the recruitment of children and young workers as forced labor. To promote a culture of respect and inclusion, we have established the HeiTech Code of Business Conduct, which sets out clear guidelines for how our employees should conduct themselves. This code is applicable to all employees within the HeiTech Group, and we continuously encourage our employees to embrace its principles.

At HeiTech, we see promoting diversity and inclusion as a core corporate strategy. By cultivating a workplace where everyone feels respected and valued, we believe that we can drive innovation, enhance employee engagement and ultimately achieve our business goals.

1.2 Demographics

Tabulated below are the demographics of Warga HeiTech up until 31 December 2022. The number of staff represented by the Company, not the Group.

Age Group	2022		2021		2020		2019		2018	
	Data	%	Data	%	Data	%	Data	%	Data	%
<20	-	-	-	-	-	-	-	-	1	0.11
20-29	287	29.02	301	30.78	301	30.56	307	30.98	262	28.35
30-39	292	29.52	288	29.45	297	30.15	302	30.47	307	33.23
40-49	246	24.87	243	24.85	245	24.87	235	23.71	226	24.26
50-59	160	16.18	144	14.72	136	13.81	138	13.93	126	13.63
>60	4	0.41	2	0.20	6	0.61	9	0.91	2	0.22
TOTAL	989	100	978	100	985	100	991	100	924	100

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Gender	2022		2021		2020		2019		2018	
	Data	%	Data	%	Data	%	Data	%	Data	%
Male	611	61.78	603	61.66	599	60.81	596	60.14	564	61.00
Female	378	38.22	375	38.34	386	39.19	395	39.86	360	39.00
TOTAL	989	100	978	100	985	100	991	100	924	100

Turnover Rate by Gender (%)	2022	2021	2020	2019	2018
Male	8.7	18.38	4.97	12.14	8.83
Female	7.86	13.72	4.97	15.47	6.32
TOTAL	16.56	32.10	9.95	27.61	15.15

Ethnic	2022		2021		2020		2019		2018	
	Data	%	Data	%	Data	%	Data	%	Data	%
Malay	947	95.75	942	96.32	958	97.26	965	97.38	899	97.29
Chinese	10	1.01	11	1.12	6	0.62	6	0.61	7	0.76
Indian	8	0.81	7	0.72	7	0.71	9	0.91	7	0.76
Other Bumiputera Ethnicity	3	0.3	1	0.20	2	0.2	7	0.71	7	0.76
Sabah Native	7	0.71	6	0.61	3	0.3	1	0.10	1	0.11
Sarawak Native	13	1.31	9	1.02	8	0.81	2	0.20	2	0.22
Pakistani	0	0	-	-	0	0	-	-	-	-
Iranian	1	0.11	1	-	1	0.1	1	0.10	1	0.11
TOTAL	989	100	978	100	985	100	991	100	924	100

Gender Diversity

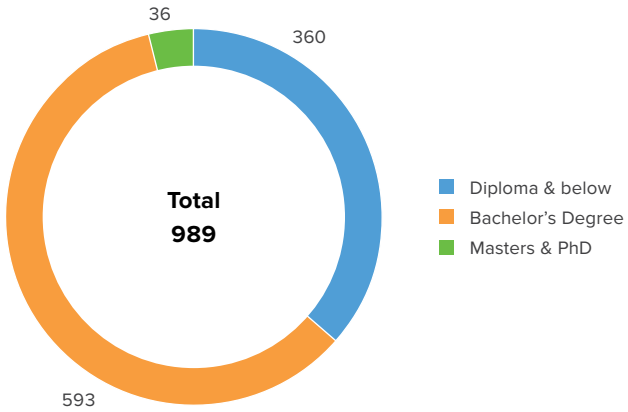
Top Management	
2022	
2021	
2020	
2019	
2018	

Board of Directors	
2022	
2021	
2020	
2019	
2018	

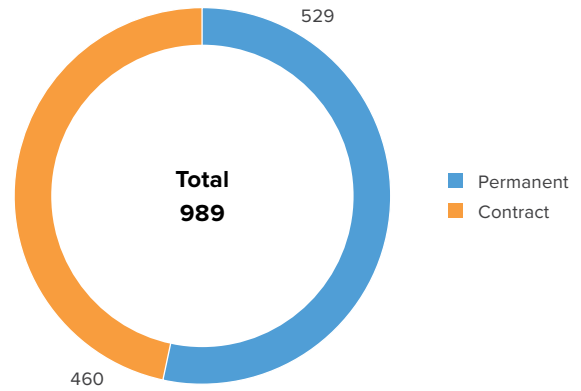
Male Female

(Dato' Mohd Fadzli bin Yusof retired w.e.f June 2022)

Education Level
(Headcount)



Employment Category
(Headcount)



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1.3 Career Growth

At HeiTech, we believe in empowering our employees to chart their own career growth within the organisation. Our HeiTech Career Ladder policy guides our career advancement process and provides Warga HeiTech with a clear framework for planning and achieving their professional goals.

To support our employees' development, we offer a range of training programmes, including technical and soft skill training, coaching, and leadership development. We also facilitate knowledge-sharing sessions to encourage cross-functional learning and collaboration. In 2022, we invested approximately RM1,228,130.33 in these training initiatives.

We see our investment in employee development as a key driver of our long-term success. By equipping our workforce with the skills and knowledge they need to excel, we can enhance our competitiveness, drive innovation and ultimately deliver value to our stakeholders.

Category	Course Name
Soft Skills	Job Satisfaction To Me & Others
	Professional Grooming & Business Etiquette
	Entrepreneurship 101
	Environmental Sustainability
	Analytical & Critical Thinking Skills
Functional	ISO 37001:2016 ABMS Internal Audit Training
	Business Impact Analysis
	MS ISO 9001:2015 QMS Introduction
	Corruption Risk Management Workshop
	Data Analysis Fundamentals Using Excel
Technical	MySQL for Database Administration
	Spring Framework
	Flutter Application Development
	Reverse Engineering
	Web Application Security

1.4 Employee Certification

We continue to invest in the growth of Warga HeiTech and encourage them to obtain certifications with specific technical skillsets in order to support the development and deployment of multiple products and services we provide to the market. As of 31 December 2022, we have 183 certified staff, with various certifications obtained, as follows:

- CCNA: Implementing and Administering Cisco Solutions v1.0
- Cisco Certified Network Professional (CCNP) Routing and Switching
- Certified Data Centre Expert (CDCE)
- Certified Data Centre Specialist (CDCS)
- Certified Data Centre Professional (CDCP)
- Certified Information Security Manager (CISM)
- EC-Council Certified Incident Handler
- CompTIA Security+
- CompTIA Cybersecurity Analyst (CYSA+)
- CQI and IRCA Certified ISO/IEC 27001:2013 Lead Auditor
- Project Management Professional (PMP)
- Microsoft 365 Certified: Modern Desktop Administrator Associate
- Veeam Certified Engineer (VMCE) v9
- Certified Application Security Engineer (JAVA)
- Unity Certified Associate Game Developer
- Certified Ethical Hacker (CEH)
- Certified Integrity Officer (CeIO)
- Certified Tester Advanced Level - Test Analyst (CTAL-TA)
- Certified Tester Foundation Level (CTFL)
- IREB Certified Professional for Requirements Engineering (CPRE) - Foundation Level
- SIRIM Lead Auditor ISO/IEC 27001:2013
- ITIL V3 Foundation
- MCSA: Windows Server 2016

1.5 Employee Engagement

At HeiTech, we recognised that a sustainable workplace culture goes beyond just work. We are committed to fostering a positive and engaging work environment for our employees by organising various employee engagement activities to promote sustainable culture within the company. Our efforts are assisted by Kelab Kakitangan HeiTech (“KKH”) which the establishment was to organise non-work-related matters among Warga HeiTech.

Among the engagement activities organised for Warga HeiTech are as follows:

<p>Kick Off</p> <p>We believe the annual Kick-Off event is able to contribute towards the sustainability of HeiTech by strengthening employee engagement and morale, aligning strategic business directions, encouraging innovation and creativity, and promoting a positive company culture. These outcomes promote improved business performance, greater resilience and a more sustainable future for the company.</p>	<p>Long Service Awards</p> <p>HeiTech organises the Long Service Awards as a form of appreciation towards employees who have served the company for a significant period. We believe by rewarding employees who served the company in the long run contributes towards the sustainability of HeiTech by recognising the value of human capital, building social and relationship, hence improving the financial performance and company’s reputation.</p>
<p>The Voice: Official Newsletter</p> <p>The Voice provides a platform for sharing news and announcements from all core functions of the company, including updates on projects, new products, and important events. By disseminating this information to employees, customers, and other stakeholders, HeiTech can enhance its intellectual capital and promote knowledge sharing within the organisation.</p>	<p>Semarak Ramadhan</p> <p>HeiTech’s collaboration with KKH for Semarak Ramadhan to distribute gift packs in conjunction with Hari Raya Aidilfitri contributes towards fostering a sense of community, togetherness and building a positive workplace culture. Members of KKH as well as other volunteers came together to prepare and distribute the gift packs.</p>



SUSTAINABILITY STATEMENT

Other engagement activities that we did in collaboration with KKH to maintaining a motivated and engaged workforce are as follows:

✓ Infaq Ramadhan	✓ Movie Fever: Mat Kilau
✓ Tadarus Al-aQuran	✓ Movie Fever: Wakanda Forever
✓ KKH Fantasy Premier League	✓ Pingpong Tournament
✓ Bowling	✓ Futsal Tournament
✓ Durian Fiesta	✓ E-Quiz Aidiladha
✓ HeiTech Runner: Liga Marathon	✓ Gift Raya

1.6 Occupational Safety and Health (“OSH”)

At HeiTech, we recognised that occupational safety and health is a critical element of our sustainability strategy. As part of our commitment to the triple bottom line (TBL) framework, which measures the economic, social, and environmental impacts of our operations, we prioritise the well-being of our employees and stakeholders.

By ensuring a safe and healthy work environment, we believe that we can enhance the economic sustainability of our organisation. Our focus on OSH leads to better productivity, which in turn improves the efficiency and effectiveness of our business. Furthermore, our investment in workplace safety and health helps us to avoid costs associated with accidents, injuries, and illnesses.

We prioritise the well-being of our employees by fostering a culture of responsibility and ethics that promote sustainable work practices. For example, we organised activities such as fire drills, knowledge sharing on various safety and health topics as well as regular sanitisation of HeiTech premises. We also provide guides for our staff on reporting injuries and accidents as well as awareness on health and safety tips.

We are committed in providing a safe and healthy workplace for sustainability and success. By prioritising the well-being of our employees and stakeholders, we can enhance our economic, social and environmental sustainability, contributing to a better future for all.



To ensure that we meet our OSH goals, we have established an Occupational Safety and Health Policy, which is in line with the Occupational Safety and Health Act 1994. Our OSH Committee, consisting of a Chairman, Deputy Chairman, Secretariat, and members from different departments and business divisions, is responsible for administering this policy. We are fully committed to providing a safe and healthy work environment for all our employees, contractors, clients, visitors and related stakeholders on every site.



SUSTAINABILITY STATEMENT

The role of the OSH Committee is to determine overall OSH strategies and initiatives, as well as to drive effective implementation. We conduct regular workplace inspections to identify potential hazards and ensure that our plumbing, electrical, heating and cooling equipment are all in good working condition to prevent incidents, injuries and illnesses.

During the year in review, we continued to organise Occupational Safety and Health (OSH) programmes with the main purpose of embedding and inculcating a safe and healthy culture and mindset among our employees.

Effective OSH management can lead to a reduction in workplace injuries, which can result in lower costs associated with employee absenteeism, medical expenses and insurance premiums. Additionally, a safe work environment can contribute to increased productivity and improved job satisfaction, which can translate to higher employee retention rates and better overall performance.

An organisation that values and prioritises OSH demonstrates its commitment to its employees' safety and well-being, which can enhance its reputation and attract top talent. It also helps to minimise the risk of reputational damage associated with safety incidents, which can lead to loss of business and a negative impact on the organisation's bottom line.

The record shows our OSH engagement record for the past 5-years:

OSH Engagement	2022	2021	2020	2019	2018
OSH Meetings	3	2	2	2	4
OSH Circulars	3	4	2	3	4
OSH Quarterly Bulletin	3	0	0	0	0
Safety Knowledge Sharing/Awareness Talk	1	26*	40*	3	3

* In 2021, the OSH Committee sent weekly safety knowledge and awareness pertaining to COVID-19

We believe in taking proactive steps to minimise the risk of CTS and slipped disks among our workforce. Nonetheless, creating a safe communal environment that encourages everyone to be more active remains one of the keys of HeiTech contributing towards embracing environmental sustainability. We continue to implement measures to advocate holistic employee well-being and constantly encourage the employees to do light exercise and motivate employees to practice healthy and safe working environment.

As for the record, health and safety incidents for the two (2) mentioned injuries are as below:

OSH Engagement	Total Staff	Carpel Tunnel	%	Slipped Disk	%
2022	989	3	0.29	4	0.39
2021	978	3	0.30	4	0.40
2020	985	3	0.30	2	0.20
2019	991	3	0.30	4	0.40
2018	924	0	0.00	5	0.54

SUSTAINABILITY STATEMENT

In 2022, HeiTech continued our commitment to sustainability by executing two campaigns aimed at raising COVID-19 awareness amongst its employees. These campaigns aimed to promote best practices during the pandemic and provide statistical updates on COVID-19 cases within the company.

The first campaign, which ran from February to April, was focused on educating employees on the best practices during the pandemic, such as proper hygiene and social distancing. The campaign included a series of 11 email direct messages that were blasted to all HeiTech staff. By raising awareness amongst employees on the importance of following best practices, HeiTech contributed to the well-being and safety of its employees, while also reducing the risk of transmission within the workplace.

The second campaign ran from August to December, and focused on reminding all Warga HeiTech to continue practicing safe health measures, even as the pandemic continued. Additionally, the campaign provided regular statistical updates on COVID-19 cases within the company, ensuring that employees were informed about the latest developments. A total of 16 emails were blasted during this campaign.

By executing these two campaigns, HeiTech demonstrated our commitment to sustainability by prioritising the safety and well-being of our employees, while also promoting responsible resource management. The campaigns helped to reduce the risk of transmission within the workplace, ensuring that the company could continue to operate safely and sustainably. Furthermore, by providing regular updates on COVID-19 cases, HeiTech demonstrated our commitment to transparency, which is essential to maintaining trust amongst its stakeholders. In conclusion, the COVID-19 awareness campaigns executed by HeiTech in 2022 demonstrate the company's commitment to sustainability and its responsibility towards its employees and stakeholders.

1.7 Internal Satisfaction Survey ("ISS")

HeiTech places a high priority on enhancing the quality of our internal services and takes a proactive approach to continuously improve our processes. To achieve this goal, we conduct an annual Internal Satisfaction Survey, which enables us to gather feedback and insights from our employees on the performance of our various internal departments. This survey is a critical feedback mechanism that allows HeiTech to identify areas for improvement and implement necessary changes to enhance its internal services.

HeiTech is dedicated to creating a workplace culture that values and promotes continuous improvement. We believe that the success of our mission and values depend on our ability to provide exceptional internal services that align with our core values. Therefore, HeiTech strives to maintain high standards and continuously improve the quality of our services to meet the evolving needs of its employees and stakeholders.

In addition to conducting the annual Internal Satisfaction Survey, HeiTech employs various strategies to foster a culture of continuous improvement. These include providing training and development opportunities for our employees, leveraging innovative technologies to streamline processes, and actively seeking feedback from employees and stakeholders. HeiTech's commitment to be excellent in internal services is an integral part of our mission and values, and the company will continue to prioritise and invest in this area to drive our mission forward.



1.8 Integrity, Sexual Harassment, Grievance and Whistleblowing

HeiTech stands firm on maintaining a healthy workplace which is free from harassment in any form. The Sexual Harassment policy and Whistleblowing policy were established, enforced and communicated to all Warga HeiTech. To uphold mutual trust and respect, it is essential that our employees and stakeholders to have access to safe and effective grievance mechanisms. We encouraged report of any improper or illegal act on business affair by Warga HeiTech and any external parties. All reports and complaints lodge are treated with strict confidentiality as stipulated in the policy.

We believe that awareness on integrity, sexual harassment, grievance and whistleblowing can play a crucial role in contributing towards sustainability. Supporting this belief, we constantly communicate with Warga HeiTech on these topics. A total of 27 awareness emails were blasted to all employees in the whole of 2022.

Integrity is an essential component of sustainability, as it ensures that business practices are ethical, transparent, and responsible. Organisations that promote integrity build trust with their stakeholders and contribute to the long-term success of their business. By creating awareness around integrity, businesses can establish a culture of ethical behaviour, reducing the risk of misconduct and increasing stakeholder confidence.

1.9 Work-life Balance

At HeiTech, we recognised that sustainable human development is dependent on achieving a reasonable work-life balance. We strongly believe that with a better work-life balance, our employees feel more in control of their working life, leading to higher levels of job satisfaction, increased productivity rates and reduced absenteeism.

To ensure a healthy work-life balance for our employees, we provide flexible working hours that accommodate their specific needs, as outlined in our Employee Handbook. We understand the importance of supporting working parents and have set up a dedicated Mum’s Room to provide a comfortable and private space for breastfeeding mothers.

In addition to our efforts to promote work-life balance, we regularly organise social employee engagement activities, such as sports and recreational programmes, motivational and religious talks, family programmes, volunteerism, and social gatherings. These activities serve as a platform for Warga HeiTech to get to know each other, build strong relationships and foster a sense of community within our organisation.

We believe that our commitment to promoting work-life balance and providing a supportive work environment not only benefits our employees but also contributes to the overall success as a company. By prioritising the well-being of our employees, we are able to attract and retain top talent, drive innovation and achieve sustainable growth.



SUSTAINABILITY STATEMENT

2.0 CUSTOMERS

At HeiTech, we recognised that our customers are the key stakeholders to our business and their satisfaction is crucial for our long-term success. Our commitment to delivering value-added services based on integrity, respect and fairness is at the core of our operations.

We strive to provide the best possible solutions to our customers, our dedication to maintaining high levels of customer service satisfaction, on-time delivery and superior customer experience reflects this commitment. Our team of experts is continuously sharing knowledge and expertise with our customers to help them add sustainable value to their supply chain.

In addition, we understand the importance of building strong relationships with our customers, which is why we prioritise open and transparent communication, actively seek feedback and work collaboratively to develop solutions that meet their unique needs.

Our focus on delivering value to our customers goes beyond simply providing products and services. We are committed to creating long-term partnerships that drive mutual growth and success. As part of our commitment to sustainable development, we also work closely with our customers to promote environmentally responsible practices throughout the supply chain.

Overall, our integrated approach to business recognises the importance of our customers as key stakeholders and focuses on delivering value, building partnerships and promoting sustainable development.



2.1 Customer Care Operations (“CCO”)

At HeiTech, we understand that customer service is an essential part of our business operations. Our commitment to providing exceptional service goes beyond simply receiving and making calls. It involves delivering value-added services that meet or exceed customer expectations, while retaining them at a favourable price point for both our business and customers.

Our 24-hour call centre is staffed by trained and professional helpdesk employees who proactively handle customer enquiries, complaints and project incidents. We adhere to our Customer Care Operating Procedure to ensure that all customer inputs are tracked and recorded, and our response times are within three (3) working days for general enquiries and complaints.

For project or support and maintenance incidents, our customer care centre follows the Service Level Agreement to attend to and rectify the issue promptly. We believe in keeping our customers informed, and once an issue is resolved, we provide them with incident reports summarising the incidents.

At HeiTech, we treat every enquiry, complaint, and incident with utmost importance and ensure it remains within the boundaries of our information security and privacy policy, as well as comply with the Personal Data Protection Act 2010 (“PDPA 2010”). Our commitment to providing excellent customer service has resulted in high customer service satisfaction and retention rates, and we will continue to maintain these standards to add sustainable value to our customers' supply chain.

In line with the digitisation and digitalisation initiatives, HeiTech has developed HeiBot, a chatbot as part as enhancing service delivery efforts. We believe HeiBot can contribute towards sustainability by reducing paper waste, improving resource efficiency, encouraging sustainable behavior, and enabling scalable solutions. By providing an automated feedback and troubleshooting system through HeiBot, HeiTech can reduce the need for manual paperwork and printing. This can lead to a reduction in paper waste, which contributes towards sustainability efforts.

HeiBot can also help improve the efficiency of internal processes by providing quick and automated feedback and troubleshooting. This can help reduce the time and resources required to resolve issues, leading to improved resource efficiency and reduced operational costs. By providing an automated feedback and troubleshooting system through HeiBot, HeiTech can encourage sustainable behavior among our internal customers. For example, by promoting the use of digital channels for feedback and troubleshooting, HeiTech can encourage its employees to adopt more sustainable practices and reduce their environmental footprint.

HeiBot can serve as a stepping stone towards developing a chatbot for clients. By developing a scalable chatbot solution, HeiTech can provide our clients with an efficient and sustainable way to engage with the company. This can reduce the need for manual processes, improve resource efficiency, and promote sustainable behaviour among clients.

2.2 Information Security and Privacy Policy

HeiTech recognises that technology advancements come with new security threats and vulnerabilities, and is committed to mitigating these risks through proactive measures on IT security controls, as outlined in our Information Security and Privacy Policy. We understand the importance of safeguarding confidential data and corporate information, and our commitment to data protection is reflected in our compliance with the legal principles under the Personal Data Protection Act 2010 (PDPA 2010). To further strengthen our security measures, HeiTech requires all suppliers to sign Non-Disclosure Agreements (NDAs), legally binding them to protect sensitive data and information.

Our security team continuously monitors and assesses potential risks and implements necessary controls to ensure the highest level of security for our customers. We also invest in cybersecurity education and training programmes for our employees to enhance their knowledge and skills in identifying and mitigating potential security risks.

We understand the importance of maintaining trust and confidence with our customers by ensuring the confidentiality, integrity and availability of their data. As such, we will continue to prioritise and invest in our security measures to provide our customers with the highest level of protection against cybersecurity threats.

SUSTAINABILITY STATEMENT

2.3 Security Operations Centre (“SOC”)

We believe that our Secure-X Security Operations Centre (SOC) at HeiTech Village 2 contributes towards sustainability for our customers by providing proactive monitoring and management of security incidents, identifying emerging threats and trends as well as helping customers to comply with regulatory requirements and industry standards. This enables customers to reduce their financial and environmental costs associated with security incidents and helps to maintain consumer trust and confidence.

Our SOC is responsible for monitoring and managing security incidents, ensuring that any potential security breaches are detected and resolved promptly. By proactively identifying and resolving security incidents, our SOC helps to prevent data breaches, system downtime and other security incidents that can lead to significant financial and reputational losses. These incidents can be costly not only for the customers but also for the environment due to the resources required to remediate the impacts of a security breach.

Additionally, our SOC is responsible for analysing security data to identify trends and patterns that could lead to potential security risks. By monitoring the security landscape and identifying emerging threats, we can help customers to implement proactive measures to mitigate security risks. This reduces the likelihood of security incidents occurring and can also help customers to save costs by avoiding expensive remediation measures and preventing the potential for downtime that can harm the environment.

Our SOC helps customers to comply with regulatory requirements and industry standards related to data security and privacy. By maintaining compliance, customers can avoid penalties and reputational damage, which can have negative impacts on both their financial and environmental sustainability. SOC also helps customers to maintain consumer trust and confidence by ensuring the confidentiality, integrity and availability of their data.



2.4 Customer Satisfaction Survey (“CSS”)

At HeiTech, we view customer satisfaction as an integral part of our long-term financial performance and sustainability. Our commitment to fulfilling customer requests and requirements is driven by our values of integrity, respect and fairness. To ensure we are meeting our customers’ expectations, we conduct a comprehensive Customer Satisfaction Survey every two years.

Our CSS not only captures feedback on our past business activities but also provides valuable insights into areas that require improvement. We use this feedback to enhance our services and operations, providing a better experience for our customers. The survey also helps us identify trends and patterns that inform our strategic planning and decision-making processes.

We believe that customer satisfaction is a continuous process and we are committed to improving our services and addressing any issues or concerns that our customers may have. By actively engaging with our customers and using their feedback to improve our operations, we aim to build strong, long-lasting relationships with our customers and contribute to our long-term financial performance and sustainability.

3.0 COMMUNITY SUPPORT

At HeiTech, we understand that our responsibilities go beyond generating profits and serving our customers. We believe that as a corporate citizen, it is our duty to give back to society and promote sustainable development. Hence, we remain committed to our Corporate Social Responsibility (“CSR”) initiatives.



Our CSR strategy is focused on expanding our reach to the community and contributing towards the development of human capital. We strongly believe that education and social development are key drivers of sustainable growth and development. Therefore, we aim to support initiatives that raise the level of employability of individuals and enhance the quality of life and living standards for those in need of support.

As part of our commitment to CSR, we actively participate in various community engagement activities and collaborate with non-profit organisations, educational institutions and government agencies. We have also established partnerships with various social enterprises and local communities to support their economic and social development.

We constantly evaluate the effectiveness of our CSR initiatives by measuring the impact of our activities on the community and we continually strive to improve and refine our strategy based on feedback and emerging needs. Through our CSR initiatives, we aim to make a positive impact on society and contribute towards building a more sustainable future for all.

3.1 Empowering Youth Through Sustainability Efforts



Empowering youth through sustainability is an essential aspect of creating a more sustainable and equitable future. Young people play a critical role in driving social and environmental change and investing in their development and engagement can help build more resilient communities and businesses. Organisations can leverage the creativity, energy, and passion of the next generation to address the complex challenges facing the world today, such as climate change, poverty and inequality. Through education, mentorship and engagement, organisations can help young people develop the skills and knowledge they need to become effective agents of change, driving progress towards a more sustainable and just society.

SUSTAINABILITY STATEMENT

i. Industry-University Collaboration	ii. Adopted School & Scholarship Programme
<p>We recognised that the future of our society rests on the younger generation. Unfortunately, not all students have equal access to education, which is why we are committed to supporting those in need. Our focus is on raising the educational standards in rural communities, where access to quality education can be limited. To achieve this, we provide vital support, including student industry field trips, school adoption and scholarship programmes, collaboration with universities, and the provision of gadgets to students.</p> <p>In 2022, HeiTech continued our commitment to youth and educational development. We believe that through our efforts, we can help to foster the future leaders of our nation by inspiring them with the power of technology and innovation.</p> <p>For tertiary education, HeiTech has entered into a Memorandum of Understanding (“MoU”) with UiTM in supporting their institution’s three (3) years in university and one (1) year in industry (“3U1I”) initiative for the Faculty of Computer and Mathematical Sciences in 2019. This programme, aims to boost students’ learning experience on industry knowledge, combined with classroom learning. Additionally, the one (1) year industrial exposure will help student to immerse themselves into the reality of ICT industry, making their learning experience relevant and increase the graduates’ employability. The programme commenced in 2022 with two students and the numbers has gradually increased in 2023.</p>	<p>HeiTech’s collaboration with Sekolah Kebangsaan Kertau Pahang through the Adoption School & Scholarship Programme over the past few years is a clear demonstration of our commitment to sustainability. The objective of this programme is to improve the educational standard of students from the underserved and rural communities by providing them with the opportunity to excel in their education. This initiative aligns with HeiTech’s values of promoting equal access to education and contributing towards sustainable development.</p> <p>In 2022, HeiTech continued its support towards Sekolah Kebangsaan Kertau Pahang by contributing towards the school’s Student Excellence Programme - Level 2, specifically targeting students in Year 4, 5 and 6. HeiTech’s cash contributions were channelled towards various categories within the programme, which were implemented throughout the year. This contribution reflects HeiTech’s commitment to supporting the growth and development of the younger generation, which is a critical component of sustainable development.</p> <p>Industry-school collaboration contributes towards sustainability by promoting social, economic, and environmental sustainability. By collaborating with schools, organisations like HeiTech can help to ensure that students receive quality education and have access to the resources they need to succeed. This can help to promote economic sustainability by developing a skilled workforce and improving the prospects of individuals from the underserved communities. Additionally, by contributing towards the Student Excellence Programme, HeiTech can help to improve the social sustainability of the community by providing opportunities for young people to grow and succeed.</p> <p>Industry-school collaboration programmes also promote environmental sustainability. For example, by providing resources and infrastructure to schools, companies can help to reduce the environmental impact associated with inefficient or outdated equipment. Additionally, by educating students on sustainability issues and promoting sustainable practices, industry-school collaborations can help to develop a generation of environmentally-conscious citizens.</p>

SUSTAINABILITY STATEMENT

iii. Geopark School Programme	iv. Secure-X Academy
<p>HeiTech’s collaboration with SK Dusun Tua for the Geopark School Program is a significant step towards achieving the school’s goals of sustainable development and creating value for its stakeholders. The initiative aims at creating an effective cycle of environmental sustainability in the Geopark.</p> <p>This collaborative effort aligns with the United Nations Sustainable Development Goals, specifically Quality Education, Decent Work and Economic Growth, Responsible Consumption and Production, and Partnerships for the Goals. By partnering with HeiTech, SK Dusun Tua demonstrates its commitment to working with external agencies to improve its performance and achieve its objectives, contributing to a more sustainable future.</p> <p>The school plans to initiate several cash crop plantations and process sacha inchi fruits to extract oil for medicinal purposes. The processing of sacha inchi fruits to extract oil for medicinal purposes is another valuable outcome of this initiative. The school also plans to initiate several cash crop plantations such as cabbage, salad vegetables, and mantang coconut, to generate profits for the community.</p> <p>The Geopark School Program will create a positive impact on the environment, improve the school’s performance, and generate profits for the community. Furthermore, the collaboration between SK Dusun Tua and HeiTech highlights the importance of partnerships in achieving the SDGs and creating value for all stakeholders.</p> 	<p>At HeiTech, our vision is to bridge the talent gap in Malaysia’s cybersecurity landscape by imparting critical knowledge, skills, and abilities to individuals and organisations. To achieve this goal, we have established the Secure-X Academy, a cybersecurity education hub under our Secure-X managed security services. Our portfolio of programs and activities includes cybersecurity awareness initiatives such as Cyber Security Awareness Talk for Executives and Board Members delivered by industry experts, a self-paced automated security awareness program, and phishing simulation exercises. We also provide Cyber Lab activities, which offer hands-on experience with cyber threat simulation platforms, incident response challenges, and Capture the Flag competitions. In addition, we are developing cybersecurity certification courses based on our philosophy of Habitual Security and R.A.V.E. in collaboration with leading education partners.</p> <p>Our initiatives contribute to sustainability and youth empowerment in multiple ways. By educating individuals and organisations about the importance of cybersecurity, we promote the responsible use of technology, which in turn helps to reduce the risk of cyber threats and data breaches. This aligns with the UN Sustainable Development Goals (SDGs) related to industry, innovation, and infrastructure, as well as peace, justice, and strong institutions. Furthermore, by offering cybersecurity education and certification programs, we empower youth to develop the knowledge and skills needed to pursue careers in the rapidly growing field of cybersecurity. This contributes to decent work and economic growth, as well as quality education. Overall, our efforts towards bridging the talent gap in Malaysia’s cybersecurity landscape reflect our commitment to promoting sustainability and youth empowerment in the region.</p>

SUSTAINABILITY STATEMENT

v. MRC Academy

MRC is a subsidiary of HeiTech, where its fundamental mission is to reduce subjectivity in motor claims' estimation and compensation. The consciousness of a need to ensure that vehicles damaged in an accident are repaired using the right methodology, equipment and skills, ultimately to be safely put back on the road.

The purpose of our MRC Academy's Training Programme aligns with our commitment to sustainability in the motor insurance and automobile repair industry. By providing a learning opportunity, we aim to enhance the competencies, skills and efficiency of our participants in meeting the needs and challenges of this demanding industry.

Through this programme, participants will develop knowledge and skills that enable them to manage policy holders, customers and other industry stakeholders in a sustainable manner. By understanding industry practices and parts terminology, they can make informed decisions that reduce waste and promote responsible resource management.

Moreover, the programme equips participants with the ability to underwrite motor risks sustainably. They will be able to assess risks holistically, considering environmental and social impacts, in addition to traditional risk factors. Additionally, they will ensure that repair estimates for damaged vehicles are fair, transparent and sufficient to support safe repairs using acceptable methodology, skills and equipment. This contributes to a safer, more sustainable industry by preventing unnecessary waste and reducing the carbon footprint of vehicle repairs.

The programme offers a comprehensive approach to sustainability in the motor insurance and automobile repair industry. By providing participants with the skills and knowledge necessary to make informed, sustainable decisions, we contribute to a more responsible and environmentally-friendly industry.

In 2022, MRC Academy's Training Programme received the Malaysia Education and TVET Award for Malaysia's Best Automotive Training, Analysis and Data Centre in recognition of MRC's contribution to the automotive learning industry.

3.2 Blood Donation Drive

HeiTech organised a blood donation drive on 22nd September 2022 as part of our sustainability initiatives that contributes significantly to the company's overall sustainability efforts. The drive demonstrates the company's commitment to addressing societal and environmental challenges through its core business activities.

From a societal perspective, the blood donation drive promotes a culture of Corporate Social Responsibility (CSR) and highlights HeiTech's commitment to the well-being of our stakeholders. The drive provides a platform for employees, customers and the wider community to give back and contribute to a worthy cause. The company's efforts also help to address the global challenge of blood shortages and raise awareness about the importance of regular blood donations.

From an environmental perspective, the blood donation drive supports sustainable healthcare practices. By encouraging blood donations, HeiTech helps to reduce the need for new blood collection, which requires the use of resources such as electricity and water. Additionally, the drive promotes the reuse of medical equipment and supplies hence reducing waste and supporting the circular economy.

Moreover, the blood donation drive is in line with HeiTech's commitment to the United Nations Sustainable Development Goals (SDGs). The drive specifically contributes to SDG 3, which aims to ensure healthy lives and promote well-being for all ages, and SDG 17, which promotes partnerships for sustainable development.

HeiTech's blood donation drive is a clear example of the company's commitment to sustainability. By addressing societal and environmental challenges through its core business activities, HeiTech demonstrates the importance of a holistic approach to sustainability that considers the needs of all stakeholders.

3.3 Orphanage Ramadhan Engagement

HeiTech, a socially responsible organisation, has demonstrated its commitment to sustainability through our CSR arm, HeiTech Cares. As part of its CSR initiatives, the organisation organised an Eid shopping session named the ‘Sentuhan Amal Kasih Ramadhan’ on 26th April 2022 to purchase clothes and provision of Duit Raya for orphans from Rumah Anak-anak Nur Sakinah, a local orphanage. Additionally, a cash contribution was also delivered to Rumah Anak-anak Nur Sakinah.

Such activities demonstrate our commitment to be socially responsible and practice good business conduct. In serving the marginalised communities, we include Warga Heitech as the volunteers in serving this group. Not only that it would build a strong sense of community, but it also fosters employee engagement and create a sense of belonging to the company. Our aim is to have highly motivated employees that would increase their productivity and achieved job satisfaction while they are in HeiTech.

Our commitment to serve the underprivilege is reflected through our continuous contribution to the society. We believe the more we give, the more we will get back. This is our mission to remain sustainable in the long run as our success will be reflected through the society that we operate in.



Moving Forward



HeiTech’s sustainability statement reflects our commitment to responsible business practices and its focus on economic, environmental, and social sustainability. By aligning our solutions with sustainable principles, we are playing a crucial role in contributing to Malaysia’s sustainable development. Through our efforts to reduce energy consumption, waste, and promote diversity and inclusion, we demonstrate our commitment to social equity and responsible resource management.

Moving forward, HeiTech recognises the need to continue our sustainability efforts for all. We aim to integrate sustainability into our business strategy, operations, and culture, to ensure that sustainability is embedded in everything we do. HeiTech is also committed to setting measurable targets and tracking progress towards achieving its sustainability goals, which will be reported transparently to all stakeholders. Moreover, we plan to engage with our stakeholders regularly to understand their sustainability concerns and to address them through collaborative initiatives. Through these actions, HeiTech is committed to continuously improving our sustainability practices and creating long-term value for all stakeholders.

PROFILE OF DIRECTORS

TAN SRI DATO' SRI ABI MUSA ASA'ARI BIN MOHAMED NOR

Chairman/Non-Independent Non-Executive Director



DATE OF APPOINTMENT: 17th October 2006

QUALIFICATIONS:

- Bachelor of Economics (Hons), University of Malaya, Malaysia
- D.D.A, University of Birmingham, United Kingdom
- Master in Business Administration, University of Birmingham, United Kingdom
- PhD (Honorary) in Economic Management, Sultan Idris Education University

EXPERIENCE:

Tan Sri Dato' Sri Abi Musa Asa'ari started his career in the Malaysian Civil Service as Assistant Director in Public Service Department in 1973. He then served in the National Bureau of Investigation, National Institute of Public Administration and Petroleum Development Unit of the Prime Minister's Department before being appointed as the Deputy Budget Director in the Ministry of Finance in 1995. In 1998, he joined Federal Agriculture Marketing Authority ("FAMA") as the Director General and subsequently as the Secretary General of the Ministry of Agriculture and Agro-based Industry from 2001 before retiring in 2006.

He is currently the Chairman of MCT Berhad, Chairman of Swift Haulage Berhad and Pro Chancellor of Universiti Malaysia Pahang ("UMP").

He is also Chairman of HeiTech Next Sdn Bhd, a subsidiary of HeiTech Padu Berhad.

Tan Sri Dato' Sri Abi Musa Asa'ari was appointed as Chairman of HeiTech Padu Berhad with effect from 1st January 2019.

BOARD MEETING ATTENDANCE IN THE FY 2022:



MEMBERSHIP OF BOARD COMMITTEES

NONE

PROFILE OF DIRECTORS

DATO’ SRI MOHD HILMEY BIN MOHD TAIB

President/Executive Deputy Chairman



DATE OF APPOINTMENT: 5th August 1994

QUALIFICATIONS:

- Bachelor of Economics (Hons) in Accounting, University of Malaya, Malaysia
- Master in Business Administration, Cranfield Institute of Technology, United Kingdom
- Master of Science in Management & Strategic Entrepreneurship, Nottingham Trent University, United Kingdom
- PhD (Honorary) in Information Technology, Universiti Malaysia Pahang, Malaysia
- Member of Malaysian Institute of Accountants (“MIA”)
- Chartered Accountant (Malaysia)

EXPERIENCE:

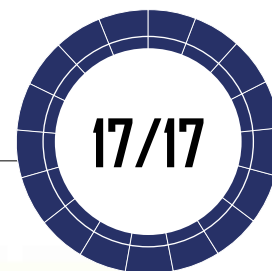
Prior to joining HeiTech, Dato’ Sri Mohd Hilmeiy helmed several leadership positions in Permodalan Nasional Berhad (“PNB”). In 1995 to 1997, he held his last position in PNB as the Group Chief Executive. Throughout his career, Dato’ Sri Mohd Hilmeiy has also held several directorships in public listed companies such as Malayan Banking Berhad, Kuala Lumpur Kepong Berhad, KFC Holdings (M) Berhad, Maxis Communications Berhad, Pasdec Holdings Berhad and several other private companies of various industries prior to focusing on HeiTech Group.

Dato’ Sri Mohd Hilmeiy was the Chairman of the Board of Directors of Universiti Malaysia Pahang (“UMP”) for 11 years from 2006 until 2017. He was the instrumental figure in transforming it from a college university status into one of the top local university, specialising in engineering and technology courses.

He is also the Chairman of HeiTech Eco Energy Sdn Bhd, Motordata Research Consortium Sdn Bhd, and several other companies within HeiTech Group.

Dato’ Sri Mohd Hilmeiy was appointed as President/Executive Deputy Chairman of HeiTech Padu Berhad with effect from 1st January 2019.

**BOARD MEETING ATTENDANCE
IN THE FY 2022:**



MEMBERSHIP OF BOARD COMMITTEES

NONE

PROFILE OF DIRECTORS

SULAIMAN HEW BIN ABDULLAH

Independent Non-Executive Director



DATE OF APPOINTMENT: 30th July 2013

QUALIFICATIONS:

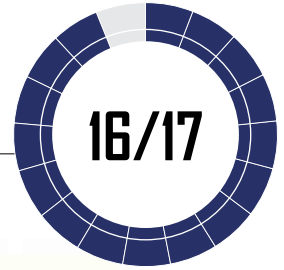
- Barrister-at-Law of the Honourable Society of Lincoln's Inn, London

EXPERIENCE:

Sulaiman Hew was called to the Bar in 1975 and commenced practice in the same year. He is currently the Managing Partner and also the Founder Partner of Hamzah, Sulaiman & Partners. Prior to joining HeiTech, he served as an Independent Director on the board of several public listed companies.

He is a Director of HeiTech Defence System Sdn Bhd, a subsidiary of HeiTech Padu Berhad.

**BOARD MEETING ATTENDANCE
IN THE FY 2022:**



MEMBERSHIP OF BOARD COMMITTEES

Nomination & Remuneration Committee	Risk Management Committee
Chairman	Member

PROFILE OF DIRECTORS

WAN AINOL ZILAN BINTI ABDUL RAHIM

Independent Non-Executive Director



DATE OF APPOINTMENT: 6th August 2013

QUALIFICATIONS:

- Bachelor of Accounting (Hons), University of Malaya, Malaysia
- Master of Commerce, University of New South Wales, Australia
- Diploma in Islamic Studies, International Islamic University Malaysia
- Member of Malaysian Institute of Accountants (“MIA”)

EXPERIENCE:

Wan Ainol Zilan joined Permodalan Nasional Berhad (“PNB”) as a System Accountant and her last position was as the Head of Finance and Administration. She then joined Cycle & Carriage Group of Companies as the Group Internal Auditor covering four listed companies in Malaysia and Singapore and its subsidiaries. Prior to joining PNB, she was with Price Waterhouse (now known as PriceWaterhouseCoopers- PwC).

She is a life member of Pertubuhan Perkumpulan Perempuan Negeri Perlis (commonly known as W.I-Perlis).

She is a Director of HeiTech Eco Energy Sdn Bhd, a subsidiary of HeiTech Padu Berhad.

**BOARD MEETING ATTENDANCE
IN THE FY 2022:**



MEMBERSHIP OF BOARD COMMITTEES

Audit Committee	Employee Share Option Scheme (“ESOS”) Committee
Chairman	Member

PROFILE OF DIRECTORS

DATUK MOHD RADZIF BIN MOHD YUNUS

Independent Non-Executive Director



DATE OF APPOINTMENT: 21st September 2018

QUALIFICATIONS:

- Diploma in Land Survey, University Technology Malaysia
- Bachelors in Applied Science Property Resource Management with Finance, University of South Australia
- Registered Valuer, Real Estate and Property Management Professional, Board of Valuers Malaysia
- Certified Risk Director by Institute Enterprise Risk Management
- Fellow, Institute of Corporate Directors Malaysia (“ICDM”)

EXPERIENCE:

Datuk Mohd Radzif started his career as a lecturer in Universiti Teknologi Malaysia (“UTM”) in 1983. He then joined Perwira Affin Bank in 1985 and served in various management roles from Manager to Assistant General Manager. Datuk Mohd Radzif was also previously Chief Executive Officer (“CEO”) of TH Properties Sdn Bhd, TH NSTC Sdn Bhd and Shapadu Properties Sdn Bhd between 1988 to 2003. In 2003, he was appointed as the Chief Executive Officer of Institut Jantung Negara Sdn Bhd (“IJN”) and as the Group Managing Director of IJN Holdings Sdn Bhd.

Datuk Mohd Radzif left IJN to join SME Development Bank as Managing Director before retiring from his last position as Group Managing Director of SME Bank in 2017. His diversified experiences came from his involvement in different industries such as construction, real estate development, project management, highway concession, healthcare, development banking and entrepreneur development.

Datuk Mohd Radzif was the Chairman of Association of Development Finance Institutions of Malaysia (“ADFIM”) and Vice Chairman of Association of National Development Finance Institutions in Member Countries of The Islamic Development Bank (“ADFIMI”). He was accorded the Outstanding CEO Award in 2015 by the Association of Development Financial Institution Asia Pacific.

He currently sits on the board of Duopharma Biotech Berhad, Amanah Raya Berhad, UM Holdings Sdn Bhd, Yayasan Pembangunan Ekonomi Islam Malaysia, Perbadanan Kampung Baru, and AmanahRaya Kenedix Sdn Bhd.

He is the Chairman of Tekkis Sdn Bhd, a subsidiary of HeiTech Padu Berhad.

BOARD MEETING ATTENDANCE IN THE FY 2022:



MEMBERSHIP OF BOARD COMMITTEES

Risk Management Committee	Nomination & Remuneration Committee
Chairman	Member

PROFILE OF DIRECTORS

HAMZAH BIN MAHMOOD

Independent Non-Executive Director



DATE OF APPOINTMENT: 12th March 2021

QUALIFICATIONS:

- Bachelor of Science (Mathematics), Illinois State University, USA
- Master in Business Administration (Finance), North Texas State University, USA

EXPERIENCE:

Hamzah started his career in banking with HSBC Malaysia and joined HSBC London from 1988 to 1989. He was seconded to Saudi British Bank (a subsidiary of HSBC Bank) in Riyadh until 1994 when he returned to HSBC Group, London.

He was appointed as Chief Executive Officer of Maybank Securities Sdn Bhd and Head of the Securities Group in 2001. He then joined Halifax Capital Berhad as Executive Director from 2005 until 2008. He has a vast experience in the financial sector, including in the fields of treasury, trading and securities.

Hamzah was the Commissioner of PT Mitra Keluarga Karyasehat Tbk. from May 2016 to June 2018 and as an advisor from June 2018 to present. He is currently the Principal and Managing Director of Dynamic Capital Holdings Sdn Bhd.

**BOARD MEETING ATTENDANCE
IN THE FY 2022:**



MEMBERSHIP OF BOARD COMMITTEES

Audit Committee	Employee Share Option Scheme (“ESOS”) Committee
Member	Member

PROFILE OF DIRECTORS

RAZALEE BIN AMIN

Independent Non-Executive Director



DATE OF APPOINTMENT: 1st January 2022

QUALIFICATIONS:

- Bachelor of Economics (Hons) in Accounting, University of Malaya, Malaysia
- Postgraduate Diploma in Accounting, University of Malaya, Malaysia
- Chartered Accountant, Malaysian Institute of Accountants
- Certified Financial Planner, Financial Planning Association of Malaysia
- Certified Public Accountant, Malaysian Institute of Certified Public Accountants.

EXPERIENCE:

Razalee is a licenced auditor and an approved liquidator, who has more than 45 years of experience in various management positions and directorships in public listed companies with areas of expertise in audit, corporate recovery, finance, banking and investment acquisition.

He started his career at Messrs. Hanafiah Raslan & Mohamad, a Chartered Accountant firm. In 1983, he joined Sateras Resources (Malaysia) Berhad as a Group Financial Controller before being appointed as the Senior Vice President of the Investment and Acquisition Division at MBF Finance Berhad in 1987. He subsequently served Damansara Realty Berhad as Senior General Manager from 1994 until 1996, when he set up his own Chartered Accountants firm, Razalee & Co., where he is presently the Managing Partner.

BOARD MEETING ATTENDANCE IN THE FY 2022:



MEMBERSHIP OF BOARD COMMITTEES

Integrity & Whistleblowing Board Committee	Audit Committee
Chairman	Member

PROFILE OF DIRECTORS

NIK MUSTAPHA BIN NIK MOHAMED

Independent Non-Executive Director



DATE OF APPOINTMENT: 1st January 2022

QUALIFICATIONS:

- Diploma in Education, University Kebangsaan Malaysia
- Bachelor of Science, Northern Illinois University, USA
- Masters in Science, Northern Illinois University, USA
- Masters in Business Administration, Cranfield University, United Kingdom

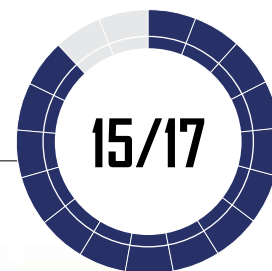
EXPERIENCE:

Nik Mustapha started his career in 1978 as a Research Assistant at Northern Illinois University, USA before joining Majlis Amanah Rakyat (MARA) from 1981 to 1984, as Development Officer/Lecturer in the Education and Training Division. He left to join Rank Xerox Ltd. Malaysia as Senior Personnel Executive and subsequently as the Personnel Manager before moving to Sterling Drugs Malaysia and Singapore from 1987 to 1995.

Nik Mustapha was appointed as Assistant General Manager of Human Resource and Corporate Affairs Division of Permodalan Nasional Berhad (“PNB”) and later as General Manager where he served until 2000. He was with Unilever Malaysia and Singapore as Human Resource and Corporate Relations Director from 2000 to 2011. Before his retirement, he had served as Chief Human Resource and Corporate Services Officer of Felda Global Ventures Holdings Berhad (“FGV”).

Currently, he served as General Manager in Professional Golf of Malaysia. He is also at present the Vice President of Malaysian Employers Federations.

**BOARD MEETING ATTENDANCE
IN THE FY 2022:**



MEMBERSHIP OF BOARD COMMITTEES

Employee Share Option Scheme (“ESOS”) Committee	Nomination & Remuneration Committee	Integrity & Whistleblowing Board Committee
Chairman	Member	Member

PROFILE OF DIRECTORS

CHONG SEEP HON

Independent Non-Executive Director



DATE OF APPOINTMENT: 1st January 2022

QUALIFICATIONS:

- Bachelor of Electrical Engineering (Major in Computer Science, Systems & Controls), University of New South Wales, Australia

EXPERIENCE:

Chong started his career as Services Engineer at IBM in 1988. Throughout his career, he held various positions in IBM involving both technical, sales and management. He also assumed senior leadership positions and was involved in making strategic decisions for clients and the company.

Chong has thirty-two (32) years of experience in the IT industry and has vast experience in Artificial Intelligence (AI) and Big Data. He is currently the Consultant for AI & Big Data company located in Malaysia where he provides advisory and consultancy to company based on a need basis.

BOARD MEETING ATTENDANCE IN THE FY 2022:



MEMBERSHIP OF BOARD COMMITTEES

Integrity & Whistleblowing Board Committee	Risk Management Committee
Member	Member

Notes:-

- Family Relationship with Director and/or Major Shareholder**
Save as disclosed, none of the Directors has any family relationship with any Director and/or major shareholder of the Company.
- Conflict of Interest**
None of the Directors has any conflicts of interest with the Company.
- Conviction of Offence**
None of the Directors has been convicted of any offence within the past five (5) years other than possible traffic offences, if any.
- Public Sanction or Penalty Imposed**
None of the Directors has been imposed with any public sanction or penalty by the relevant regulatory bodies during the financial year.

PROFILE OF COMPANY SECRETARIES

ZAINAL AMIR BIN AHMAD



QUALIFICATIONS:

- Bachelor of Corporate Administration, MARA University of Technology
- Licensed Company Secretary by Companies Commission of Malaysia

EXPERIENCE:

Zainal Amir Bin Ahmad was appointed as the Group Company Secretary on 3rd January 2023. He has more than 9 years of experience in corporate secretarial practice and governance matters, having worked in management consulting firms and public listed companies on Bursa Malaysia Securities Berhad. He has working knowledge across a diverse range of industries, including construction, property development, information technology and trading.

AMIR ZAHINI BIN SAHRIM



QUALIFICATIONS:

- Graduated from the Institute of Chartered Secretaries & Administration (UK)

EXPERIENCE:

Amir Zahini was appointed as Joint Company Secretary on 1st March 2016. He has over fifteen (15) years of experience in the private sector as company secretary, specialising in the areas of project valuation and feasibility studies, IP and grants, government privatization projects and venture capital.

PROFILE OF EXECUTIVE COUNCIL COMMITTEE



**DATO' SRI MOHD HILMEY
BIN MOHD TAIB**

- President/Executive Deputy Chairman

Dato' Sri Mohd Hilmeiy's profile is contained in the "Profile of Directors" section as set out on page 87 of this Annual Report.



**AHMAD NASRUL HAKIM BIN MOHD
ZAINI FCPA, C.A (M)**

- Group Chief Financial Officer
- Executive Vice President

QUALIFICATIONS:

- Bachelor of Commerce (Accounting), University of New South Wales, Sydney, Australia
- Chartered Accountant, Member of Malaysia Institute of Accountants (MIA)
- Fellow of CPA Australia (FCPA)

EXPERIENCE:

Ahmad Nasrul Hakim joined HeiTech in 2002 and was appointed as Vice President of Group Finance Services Division in 2008 and later as Chief Financial Officer in 2009. Prior to HeiTech, he had worked with Deloitte Malaysia where he managed financial assurance, business advisory and consulting engagements for clients from manufacturing, property and banking industries.

He was appointed as Executive Vice President in January 2016.

He holds a number of directorship within HeiTech Group.



SALMI NADIA BINTI MOHD HILMEY

- Group Chief Operating Officer
- Executive Vice President
- Group Chief Risk Officer

QUALIFICATIONS:

- Bachelor of Arts (B.A), Finance, Accounting and Management, University of Nottingham, United Kingdom
- Masters of Science (MsC) in Management and Information System, Nottingham Trent University, United Kingdom

EXPERIENCE:

Salmi Nadia joined HeiTech in 2007. She was appointed as the Special Assistant to the GCEO in 2011 and later as Director of Corporate Development and Risk Management in 2014. Within these years, she has been responsible for all centralised functions under Corporate Services, while overseeing the operations and performance of all companies within HeiTech group.

In January 2016, she was appointed as Executive Vice President, Risk Management and Corporate Services. Subsequently, Salmi Nadia was appointed as the Head of Core 2, to lead more than ten (10) subsidiary companies in HeiTech Group in September 2018.

She was appointed as Executive Vice President in January 2016.

Salmi Nadia was appointed the Group Chief Operating Officer on 1st April 2021.

She holds a number of directorship within HeiTech Group.

PROFILE OF EXECUTIVE COUNCIL COMMITTEE

ABDUL HALIM BIN MD LASSIM

- Chief Executive Officer of Core 1
- Executive Vice President

QUALIFICATIONS:

- Bachelor of Arts (B.A) in Social Studies in Accountancy Studies, University of Exeter, United Kingdom
- Chartered Accountant, Member of Malaysian Institute of Accountants (MIA)
- Certified Public Accountant, Member of Malaysian Institute of Certified Public Accountants (MICPA)

EXPERIENCE:

Abdul Halim joined HeiTech in 2000 as Finance Manager and subsequently given the responsibility to lead the listing exercise of HeiTech Padu Berhad. In 2002, he was appointed as the Chief Financial Officer until taking up the position of CEO, HeiTech Managed Services (HMS) in 2008, overseeing the managed infrastructure business and HeiTech's venture into commercial sector. In 2013, he was appointed as CEO of HeiTech i-Solutions (HiS) to oversee the financial services industry.

He was appointed as Executive Vice President in December 2016.

He was given the responsibility to lead the Public Sector Business in 2018, leading the main business activities of HeiTech as the Chief Executive Officer of Core 01.

He holds a number of directorship within HeiTech Group.


AHMAD JEFRI BIN ABDUL RASHID

- Head of Core 2
- Senior Vice President

QUALIFICATIONS:

- Bachelor of Commerce, University of Newcastle, Australia
- Chartered Accountant
- Member of Malaysia Institute of Accountants (MIA)
- Member of CPA Australia

EXPERIENCE:

Ahmad Jefri started his career as an Associate with KPMG Desa Megat in 2000 before moving to Ernst & Young in 2003. He left Ernst & Young as Senior Manager after serving the firm for nine (9) years to join HeiTech in 2013 as Senior Manager, Group Financial Services.

He was appointed as Vice President, Group Financial Services in 2019. He was appointed as Senior Vice President and Head of Core 2 in 2021, to oversee the subsidiary companies in HeiTech Group.

He holds a number of directorship within HeiTech Group.


ABDULLAH BIN AHMAD

- Head of Core 3
- Senior Vice President

QUALIFICATIONS:

- Bachelor of Science (Hons) in Computer Science, Western Washington University, Washington, USA

EXPERIENCE:

Abdullah brings to the company over thirty five (35) years of experience of in the ICT industry. Abdullah started his career as Assistant Systems Engineer with IBM in 1980. Prior to joining HeiTech in 1998, he was the Manager of Data Center Services in Permodalan Nasional Berhad ("PNB").

He has held several senior positions in the company, which includes Chief Operating Officer of Megacenter System Sdn Bhd, Vice President Strategic Business Group and Marketing & Business Development Manager in HeiTech Managed Services Group. He then served as Chief Executive Officer of HeiTech Transbiz in 2012. In 2017, he was appointed as Chief Executive Officer of HeiTech Next Sdn Bhd.

Abdullah was appointed as Head of Core 3 on 1st May 2020.

He was appointed as Senior Vice President in October 2021.

PROFILE OF EXECUTIVE COUNCIL COMMITTEE

**Ts. WAN ZAILANI BIN WAN ISMAIL**

- Senior Vice President, Technology & Product, Managed Infrastructure Services (HMS)

QUALIFICATIONS:

- Bachelor of Science (BSc) in Computer Science and Mathematics, University of Wisconsin, Oshkosh, Wisconsin, USA
- Professional Technologist (P.Tech), Malaysian Board of Technologist

EXPERIENCE:

Ts. Wan Zailani has more than thirty (30) years of experience in the ICT industry. He started his career with US-based WANG Computers (now defunct) in 1989 as the Systems Analyst. He then left the company to join the largest local Bank, Malayan Banking Berhad ("Maybank") in February 1990. There he was the Head of the Technical Services Unit responsible in managing the Bank's Mainframe system (IBM system Z) for its high availability and systems performance.

After ten (10) years working with Maybank, he left to join HeiTech Padu Berhad in 1999, until now. Throughout this period, he has held various positions such as Technical Consultant, Project Manager, Product Manager, Head of Product, Sales & Marketing, Head of Managed Operations and Director of Enterprise Technology Services.

He was appointed as Senior Vice President of HeiTech's Managed Infrastructure Services in April 2018.

**Ts. DR. NOR HAZILAWATI BINTI AWANG**

- Chief Information Officer
- Vice President

QUALIFICATIONS:

- Bachelor (BSc. Hons) in Computer Studies, Liverpool John Moores University, United Kingdom
- Master of Science (Msc) in Realtime Software Engineering, Universiti Teknologi Malaysia
- Doctor of Philosophy (PhD) in Computer Science, Universiti Teknologi Malaysia
- Professional Technologist (P. Tech), Malaysian Board of Technologist

EXPERIENCE:

Ts. Dr. Nor Hazilawati joined HeiTech in 1997 as Analyst Programmer and since then was involved in several mission critical and multi-million projects, pre-sales, product development, consulting and R&D.

Since 2011, Ts. Dr. Nor Hazilawati serves as a Technical Committee member for Software Engineering (TC/11) for SIRIM. She also serves as Industry Advisor for Universiti Teknologi Malaysia, UNITEN, Universiti Putra Malaysia, Universiti Malaysia Sabah, UiTM and Universiti Islam Selangor.

She was appointed as the Chief Information Officer in July 2022.

Notes:-

Save as disclosed above, none of the Key Senior Management has:-

1. any directorship in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company except for Puan Salmi Nadia Binti Mohd Hilmey who is the daughter of Dato' Sri Mohd Hilmey Bin Mohd Taib the President / Executive Deputy Chairman and a major shareholder of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past five (5) years other than possible traffic offences, of any; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors (“the Board”) is pleased to present HeiTech Padu Berhad’s (“Group”) Corporate Governance Overview Statement (“CG Overview Statement”) for 2022. This CG Overview Statement reaffirms HeiTech’s pledge in maintaining a high-level commitment in carrying out the oversight roles of overseeing the management affairs as we remain committed to promote sound corporate governance practices and a culture of integrity as well as transparency throughout the Group. The Board upholds that good corporate governance is vital for charting the Group’s strategic direction and guiding decision-making processes, and to continuously achieving sustainable long-term value for the stakeholders.

This statement is prepared in compliance with Bursa Malaysia Securities Berhad (“Bursa Malaysia”) Main Market Listing Requirement (“MMLR”), the Companies Act 2016 and the revised Malaysia Code on Corporate Governance 2021 which was issued by the Securities Commission on 28 April 2021 (“MCCG 2021”). It is to be read together with the Corporate Governance Report 2022 (“CG Report”) of the Company which is available on the corporate website at www.heitech.com.my.



Good corporate governance is vital for charting the Group’s strategic direction and guiding decision-making processes, and to continuously achieving sustainable long-term value for the stakeholders. ”

Our corporate governance practices are guided by the following three (3) key Corporate Governance Principles, as contained in the MCCG 2021:

PRINCIPLE A

Board Leadership and Effectiveness

Please refer on page 99.

PRINCIPLE B

Effective Audit and Risk Management

Please refer on page 105.

PRINCIPLE C

Integrity In Corporate Reporting And Meaningful Relationship With Stakeholder

Please refer on page 106.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I) BOARD RESPONSIBILITIES

The Board consists of experienced members with a wide range of expertise, who plays an important role in the stewardship of the Group. Each member of the Board has a duty to act in good faith as well as in the best interest of the Group. In discharging its duties and responsibilities, the Board is cognisant of their roles in charting the strategic direction and operation of the Group.

Chairman and President

There is clear division of responsibility between the Chairman and the President thus ensuring a balance of power and authority. The Chairman’s role is to provide leadership and ensure the effectiveness of the Board’s governance processes, whilst the President manages the commercial and operational aspects of the business.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Roles and Responsibilities of the Board

The Board is committed to ensure the Company's purpose, values and high standards are set from the level of Chairman and all Non-Executive Directors, with the support of the management team, embedded throughout the Group. The Board is responsible for the effective leadership and long-term success of the Group.

The responsibilities of the Board include, inter-alia, the following:

- | | |
|---|---|
| <ul style="list-style-type: none"> • Reviewing and adopting a strategic plan for the Group; | <ul style="list-style-type: none"> • Ensuring the availability of succession planning for the Management; |
| <ul style="list-style-type: none"> • Overseeing the performance of the Management; | <ul style="list-style-type: none"> • Overseeing the development and implementation of a stakeholder communication policy for the Group; and |
| <ul style="list-style-type: none"> • Monitoring and managing principal risks in the business; | <ul style="list-style-type: none"> • Reviewing the adequacy and the integrity of the Management information and internal control system of the Group |
| <ul style="list-style-type: none"> • Ensuring implementation of appropriate internal controls and mitigation measures; | |

The Board Charter duly adopted by the Board clearly outlines the roles and responsibilities of the Board and those which it delegates to the various Board Committees. The Board Charter is available at the Company's website at www.heitech.com.my.

The Board is satisfied with the level of commitment given by the Directors in fulfilling their roles and responsibilities. Details of the Board members' attendance at the Board and Board Committee meetings for the financial year ended 31 December 2022 are as follows: -

	Board of Directors Meeting	Audit Committee Meeting	Nomination & Remuneration Committee	Risk Committee Meeting	Integrity & Whistleblowing Board Committee Meeting
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	17/17	N/A	N/A	N/A	N/A
Dato' Sri Mohd Hilmey Bin Mohd Taib	17/17	N/A	N/A	N/A	N/A
Dato' Mohd Fadzli Bin Yusof <i>(Retired upon the conclusion of 27th AGM w.e.f 23.6.2022)</i>	7/7	N/A	N/A	3/3	N/A
Datuk Mohd Radzif Bin Mohd Yunus	17/17	N/A	3/3	5/5	N/A
Sulaiman Hew Bin Abdullah	16/17	N/A	3/3	5/5	N/A
Wan Ainol Zilan Binti Abdul Rahim	17/17	8/8	N/A	N/A	N/A
Hamzah Bin Mahmood	17/17	8/8	N/A	N/A	N/A
Razalee Bin Amin	17/17	8/8	N/A	N/A	2/2
Nik Mustapha Bin Nik Mohamed	15/17	N/A	3/3	N/A	2/2
Mr. Chong Seep Hon	17/17	N/A	N/A	2/2	2/2

All Directors are provided with an agenda for each Board and Board Committee meetings prior to each meeting to ensure the Directors are accorded with sufficient time to appraise the proposals or information. The Directors are provided with the Board papers which contain among others, the Group's financial performance, management reports and proposals and various Board Committees' reports respectively prior to the Board meeting. The Board papers are issued in advance to facilitate informed decision making.



CORPORATE GOVERNANCE OVERVIEW STATEMENT

All proceedings of the Board meetings are minuted and circulated to all Directors for their perusal and comments. The Directors may request for further clarification or raise comments on the minutes prior to the minutes being confirmed as a correct record of the proceedings of the Board at the subsequent meeting. The signed minutes of each Board and Board Committee Meeting are properly kept by the Company Secretary and the Company Secretary is entrusted to organise and attend all Board meetings to ensure proper records of the proceedings.

Board Committees

The Board has delegated certain responsibilities to the Board Committees to assist in carrying out its responsibilities and functions. The Board has established four (4) Board Committees, namely the Audit Committee, Risk Committee, Nomination and Remuneration Committee and Integrity & Whistleblowing Board Committee that are delegated with specific responsibilities as defined under their respective Terms of Reference to assist the Board in carrying out matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters however, lies with the Board. The minutes of the respective Board Committee meetings are tabled at the quarterly Board meetings to keep the Board abreast of the decision and deliberation made by the respective Board Committees.

Group Company Secretary

The Board is supported by suitably qualified and competent Company Secretaries who are the member of relevant professional bodies. The appointment of Company Secretaries is based on the capability and proficiency determined by the Board. All members of the Board have unrestricted access to the advice and the services of the Company Secretaries on all matters relating to the Group to assist them in the furtherance of their duties.

The Company Secretaries ensure that all Board and Board Committee meetings are properly convened and ensure that accurate and proper records of the proceedings and resolutions passed are recorded and minutes are circulated to the Board members as soon as possible before the next meetings.

The Company Secretaries keep abreast of the evolving regulatory changes and developments in corporate governance through continuous training as they play an important role in advising the Board on updates relating to new statutory and relevant regulatory requirements.

Access to Information

All Directors have unrestricted direct access to the advice and services of the management representative for obtaining the relevant information to facilitate in discharging their duties. As and when required, Directors are also able to seek advice from independent professional advisers whenever necessary at the Company's expense, to enable the Board and committee members to discharge their duties with adequate knowledge on the matter being deliberated.

Code of Conduct

In an effort to promote and maintain high ethical standards at all times, the Board is expected to adhere to the code of Business Conduct and Ethics which was designed to promote the principles of integrity, sincerity, honesty, responsibility, social responsibility and accountability to enhance the Group's standard of corporate governance and behaviour. The Directors are obliged to follow the code as it is the way to manifest their commitment to professionalism and integrity.

Whistleblowing Policy

The Company has established its Whistleblowing Policy, with the objective to protect the values of transparency, integrity, governance, impartiality and accountability in the manner in which the Group conducts its business and affairs.

Through effective implementation, the Group will enhance its accountability in preserving its integrity and will be able to stand up to public and legal scrutiny. This, in turn, enhances and builds the credibility or HeiTech's stakeholders. A copy of the Whistleblowing Policy and Guidelines is available for viewing on the Group's corporate website at www.heitech.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Anti-Bribery and Corruption Policy

In compliance with the Corporate Liability Provision Section 17A of the Malaysian Anti-Corruption Commission Act 2009 enforced on 1 June 2020, and guided by the Paragraph 15.29 of the Listing Requirements of Bursa Securities in relation to anti-bribery, the Board has adopted Anti-Bribery and Corruption Policy (“ABCP”) in order to achieve and maintain the highest standard of integrity and work ethics in the conduct of business and operations. The ABCP addresses the commitment of the Group towards a sound and good governance. A copy of the ABCP is available for viewing on the Group’s corporate website at www.heitech.com.my.

Directors Training

The Board recognises that Directors’ training is an ongoing process to ensure that Directors keep themselves abreast of the latest developments in areas related to their duties and to equip themselves with the necessary skills and knowledge to meet the challenges faced by the Board.

Directors are also encouraged to personally undertake appropriate training and refresher courses to maintain the skills required in performing their obligations to the Group. The training/courses attended by the Directors during Financial Year Ended 31 December 2022 are as follows:

Seminars/ Forum/ Conference/ Training

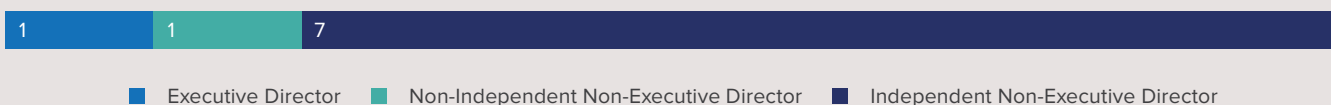
- Challenges in Digital Transformation
- The Efficacies of Integrated Reporting for Listed Organisation
- Climate Action for Resilience and Competitiveness: Being a Business of Choice in a Low Carbon Economy
- Key Drivers for Climate Change Related Financial Disclosures: TCFD Framework & TCFD Recommended Disclosures
- Strengthening Company Integrity: The Role of the Board in Relation to MACC Act Section 17A, Adequate Procedures and OACP
- ICDM International Directors Summit 2022
- Managing Tax Matter Compliance – Tax Deductible Expenses
- Audit Oversight Board’s Conversation with Audit Committee
- MIA Webinar Series: Labour Rights: Understanding the Risks and its Impact on ESG and Sustainability
- MIA Webinar Series: ESG – Role of the Accountant and Financial Reporting
- Engagement Quality Reviews and Documentation ISQM2, ISA 220 (Revised) & ISA 230
- ISQM1 – The Processes (FRAP & MRP)
- Modified Audit Report VS Modified Audit Opinion
- Determining Materiality in Audit
- MIA: Audit Evidence and Sampling
- MIA: The Corporate Governance Overview Statement, CG Report, Audit Committee Report and Statement on Risk Management & Internal Control
- MIA: ISQM Implementation Part 2 – Formulating the firm’s ISQM Manual-Policies and Procedures
- MIA: ISQM Implementation Part 3 – Forms and other Documentation

CORPORATE GOVERNANCE OVERVIEW STATEMENT

BOARD COMPOSITION

The Group is led and managed by a diverse, competent and experienced Board of Directors with a mix of suitably qualified and experienced professionals having wide and varied expertise in the fields of accounting, finance, taxation, audit, business, information technology and law. This enables the Board to carry out its responsibilities effectively and ensures accountability.

As of to date, the Board consists of nine (9) members:-



■ Executive Director ■ Non-Independent Non-Executive Director ■ Independent Non-Executive Director

The composition fulfils the requirements set out under Paragraph 15.02 MMLR of Bursa Malaysia which stipulates that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent.

Nomination and Remuneration Committee (“NRC”)

The Nomination and Remuneration Committee (“NRC”) consists of exclusively Independent Non-Executive Directors. The members are as follows:

Members	Designation
Sulaiman Hew Bin Abdullah	Chairman
Datuk Mohd Radzif Bin Mohd Yunus	Member
Nik Mustapha Bin Nik Mohamed	Member

NRC is entrusted to review and make recommendations to the Board in identifying suitable candidates for Directors, President, Group Chief Executive Officer (“GCEO”), Group Chief Operating Officer (“GCOO”), Chief Executive Officer (“CEO”) and Executive Vice President (“EVP”) for the Group.

The NRC considers various aspects, including competencies, commitment, contribution and performance of a candidate and strictly adheres to the selection process which emphasises the qualification, backgrounds and capabilities of the candidates.

NRC also considers and recommends to the Board the remuneration scheme for Directors, President, GCEO, GCOO, CEO and EVP. The NRC will regularly review and compare the scheme which is benchmarked against the industry. Independent Directors may not receive, directly or indirectly, any consulting, advisory or other compensatory fees from the Group.

Tenure of Independent Director

The Board takes cognisance of the MCCG best practice stipulating that the tenure of an Independent Director should not exceed a term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to justification and recommendation by the Board and seek shareholders’ approval through a two-tier voting process during the annual general meeting. In addition, the enhanced MMLR limits the tenure of an Independent Director to not exceed a cumulative tenure of twelve (12) years.

Re-election of Directors

The Company’s Constitution provides that at least one-third (1/3) of the Directors be subjected to retirement by rotation at each Annual General Meeting (“AGM”) and that all Directors retire once every three (3) years and be eligible to offer themselves for re-election. The Constitution also provides that Directors who are appointed during the year be subjected to re-election at the next AGM following his/her appointment.

At the forthcoming AGM, three (3) Directors namely, Tan Sri Dato’ Sri Abi Musa Asa’ari Bin Mohamed, Sulaiman Hew Bin Abdullah and Datuk Mohd Radzif Bin Mohd Yunus will be retiring by rotation pursuant to Clause 82 of the Company’s Constitution and being eligible, offered themselves for re-election.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Gender Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG 2021 to the establishment of boardroom and workforce Gender Diversity Policy. The Board, through the NRC will continue to consider gender diversity as part of its future selection on female board representation.

The evaluation on the suitability of candidates as a new Director or as a member of the workforce is based on the candidates' competency, skills, character, time commitment, knowledge, experience, and other qualities in meeting the needs of the Group, regardless of gender.

The Group is an equal opportunity employer and does not practise discrimination of any form, whether based on age, gender, race and religion.

REMUNERATION

The Board strives to ensure that there is formal and transparent remuneration to attract and retain high calibre and qualified Non-Executive Directors ("NEDs") on the Board as well as to ensure that the remuneration is commensurate with their responsibilities and duties. The calibre of the NEDs serving the Company is essential in upholding high standards of corporate governance adopted by the Group.

The details of the Director's remuneration comprising remuneration received during the financial year ended 31 December 2022 are as follows:

	Annual Fees (RM)	Special Allowances (RM)	Salary (RM)	Meeting Allowances (RM)	Benefits in Kind (RM)	Total (RM)
Executive						
Dato' Sri Mohd Hilmey Bin Mohd Taib	-	-	1,260,000	18,000	91,733.34	1,369,733.34
Non-Executive						
Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	30,000	36,000	-	45,500	-	111,500
Datuk Mohd Radzif Bin Mohd Yunus	30,000	-	-	57,500	-	87,500
Sulaiman Hew Bin Abdullah	30,000	-	-	56,000	-	86,000
Wan Ainol Zilan Binti Abdul Rahim	30,000	-	-	60,000	-	90,000
Hamzah Bin Mahmood	30,000	-	-	50,000	-	80,000
Razalee Bin Amin	-	-	-	55,000	-	55,000
Nik Mustapha Bin Nik Mohamed	-	-	-	42,000	-	42,000
Chong Seep Hon	-	-	-	42,000	-	42,000
Dato' Mohd Fadzli Bin Yusof <i>(Retired upon the conclusion of 27th AGM w.e.f 23.6.2022)</i>	30,000	-	-	21,500	-	51,500

CORPORATE GOVERNANCE
OVERVIEW STATEMENT

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

Every company needs to consider in detail what audit and risk management arrangements that best suited for its particular organisation. These arrangements need to be proportionate to the task, and will vary according to the size, maturity, complexity and risk profile of the company. Nevertheless, there are certain guiding principles and practices which underlie the effectiveness of an audit and risk management process and they can help to ensure that the specific approaches are applied effectively that is, by the right people with the right information, procedures and perspectives.

AUDIT COMMITTEE (“AC”)

The AC comprises of three (3) members, all of whom are Independent Non-Executive Directors (“INEDs”). The members of AC are as below:-

Members	Designation
Wan Ainol Zilan Binti Abdul Rahim	Chairman
Razalee Bin Amin	Member
Hamzah Bin Mahmood	Member

The AC comprises entirely of INEDs and the Chairman of the AC is not the Chairman of the Board. This meets the requirements of paragraph 15.09 (1) (a) and (b) of the Listing Requirements and Practice 9.1 of the MCCG.

The Chairman of the AC is a Chartered Accountant and a member of the Malaysian Institute of Accountants (“MIA”) and complies with Paragraph 15.09 (1)(c)(i) of the Listing Requirements.

Collectively, the members of the AC have a wide range of relevant skills, knowledge, experience and skills in accounting and finance and highly qualified to review the accuracy of the Group’s financial reporting prior to the recommendation to the Board for approval.

The AC carries the responsibilities as listed in the AC Report on pages 109 to 112 of the Annual Report.

Relationship with the External Auditors

The AC has established policies and procedures to review and assess the appointment or re-appointment of external auditors in respect of their suitability, objectivity and independence. The AC in this regard assesses and reviews annually among others, the adequacy of their experience and resources, audit engagements and the experience of the engagement partners in accordance with the requirements of the Group.

The AC also meets with the external auditors without the presence of the management to discuss matters privately with them. During the financial period under review, the AC met the external auditors twice without the presence of the management.

Aside from the provision of statutory services, the external auditors also provide non-audit services to the Group. The proposed fees for the non-audit services are reviewed by the AC and approved by the Board. In its review, the AC ensures that the independence and objectivity of the external auditors are not compromised. In addition, the AC must be satisfied that there is no element of conflict of interest and the fees chargeable are within the allowable threshold set.

The AC was satisfied with the quality of the audit, performance, competency and sufficient resources provided by the external auditors during the financial period under review. The AC was also satisfied that the provision of the non-audit services by the external auditors to the Group did not impair their objectivity and independence as external auditors of HeiTech.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Internal Audit Function

The Group's internal audit function is carried out by an internal audit department led by Encik Ahmad Kamal Bin Mohd Kassim. Internal audit provides an independent assessment of the effectiveness and efficiency of internal controls by utilizing a global audit methodology and tool to support the corporate governance framework. Further details on the internal audit function are described in the Audit Committee's Report on pages 109 to 112 of the Annual Report.

RISK MANAGEMENT COMMITTEE ("RMC")

In order to maintain a sound internal control system and ensure mitigation place is in order, the Board is assisted by RMC.

The RMC consists of exclusively Independent Non-Executive Directors. Currently, the members are as follow: -

Members	Designation
Datuk Mohd Radzif Bin Mohd Yunus	Chairman
Sulaiman Hew Bin Abdullah	Member
Chong Seep Hon	Member

RMC is assisted by the Central Risk Review Committee ("CRRC") led by Puan Salmi Nadia Binti Mohd Hilmey who served as the Group Chief Risk Officer to identify, deliberate, and monitor the strategic and operational risks of the Group. The members

of CRRC consists of the Management team from various units within the Group. The CRRC implements the Risk Management Framework and Policy for the Group and reports to the RMC on a quarterly basis. The report is then escalated to the Board for further deliberation and action to be taken subsequently.

RMC also reviews and deliberates any potential investment to be made by the Group. They are assisted by the Investment Committee in their deliberation before recommending to the Board for approval. The Investment Committee facilitates the Board in discharging its statutory and fiduciary responsibility relating to investments and to generate economic benefits either in the form of dividends and improved profitability.

Risk Management and Internal Control Framework

The Board is fully aware of its overall responsibility to continuously maintain a sound system of internal control which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investment and the Company's assets.

The statement of the Company on risk management and internal control system is set out in the Statement on Risk Management and Internal Control on pages 113 to 120 in this Annual Report.

PRINCIPLE C – INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDER

Communication with Stakeholders

The Board recognises the importance of communication and proper dissemination of information to its shareholders and investors. Through extensive disclosures of appropriate and relevant information, the Company aims to effectively provide shareholders and investors with information to maintain transparency and accountability.

In this respect, the Company keeps shareholders informed via announcements and timely release of quarterly financial reports, press releases, annual reports and circulars to shareholders.

Shareholders and members of the public may obtain information on the Group's operations and activities, as well as press releases, announcements and financial information, etc. from the Company's website at www.heitech.com.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The communication channels used in the Company’s engagement with stakeholders include:

- Various disclosures and announcements to Bursa Securities including quarterly financial results;
- Press releases and announcements to Bursa Securities and to the media;
- The Company’s Annual Report
- Dialogues and presentations at general meetings to provide the overview and clear rationale with regards to the proposals tables and approval; and
- Any other information via website at www.heitech.com.my.

Conduct of Annual General Meeting (“AGM”)

The Company’s Annual General Meeting serve as principal forums for shareholders to engage directly with the Directors and Senior Management. It also provides the opportunity for shareholders to raise questions pertaining to issues related to the Annual Report, Audited Financial Statements, corporate developments, resolutions being proposed and the business of the Group.

Shareholders are encouraged to attend AGM and to participate in the question-and-answer session on the resolutions being proposed or on the Group’s operations in general. Shareholders who are unable to attend the meetings are allowed to appoint proxies to attend and vote on their behalf in accordance with the Company’s Constitution.

In 2022, the Company served notice of its Twenty-Seventh (27th) AGM held on 23rd June 2022, at least 28 days before the meeting, as per the requirement under the Companies Act 2016 and the Listing Requirements. Together with the Notice of AGM, the Company attached the information on administrative details such as details of the meeting, shareholders’ right to attend the meeting, their right to appoint a proxy and information as to who may act as a proxy.

The 27th AGM held on 23rd June 2022 was conducted fully virtual through live streaming and online remote voting via Remote Participation and Voting facilities. In view of the COVID-19 pandemic which has yet to be eradicated for the Company to

convene a face-to-face meeting, the forthcoming Twenty-Eight (28th) AGM of the Company will continue to be conducted virtually i.e. through live streaming and using Remote Participation and Voting Facilities to give shareholders and/or proxies an opportunity to participate in the AGM effectively.

All Board members together with the Management attended the 27th AGM and addressed the questions raised during AGM. The External Auditors also attended the 27th AGM and had provided information to the Management particularly relating to the financial statements.

Poll Voting

Pursuant to paragraph 8.29A (1) of Listing Requirements, the Company is required to ensure that all resolutions set out in the notice of general meetings are voted by poll.

At the 27th AGM of the Company held on 23rd June 2022, all resolutions were decided by way of the poll. The votes received in respect of each resolution were announced to Bursa Securities on the same date as the meeting was held. The poll voting was conducted via electronic means and the results of the voting were instantly displayed on the screen. The Company has appointed an independent external scrutineer to validate all the votes at the said general meeting.

Investors Relations

The shareholders and the public may address their queries regarding the Group to the following persons:-

- i) **Zainal Amir Bin Ahmad**
(Group Company Secretary)
 - 03-8601 3000
 - zainalahmad@heitech.com.my
- ii) **Rosman Mustafa Kamar**
(for Investor Relation and Shareholders Communication)
 - 03-8601 3000
 - rosmanmk@heitech.com.my

CORPORATE GOVERNANCE OVERVIEW STATEMENT

ADDITIONAL COMPLIANCE INFORMATION

The following information is provided in compliance with paragraph 9.25 of Bursa Malaysia LR.

i) Options, Warrants or Convertible Securities

The Group did not issue any options, warrants or convertible securities during the financial year under review.

ii) The imposition of Sanction/ Penalties

There were no sanctions and/or penalties imposed on the Group and/or its subsidiary companies, Directors or Management arising from any significant breach of rules/guidelines/legislation by the relevant regulatory bodies during the financial year ended 31 December 2022.

iii) Material Contracts

Neither Group and/or its subsidiary companies had entered into any material contracts which involved Directors' and major shareholders' interest during the financial year ended 31 December 2022, save as disclosed under Disclosure to Bursa Malaysia on page 20 of the Annual Report.

iv) Audit and Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the external auditors by the Company and the Group for FY2022 are as follows:-

	Group (RM)	Company (RM)
Audit fees	430,000	269,000
Non-audit fees	18,000	-
Total	448,000	269,000

v) Profit Guarantee

There was no profit guarantee given by the Group during the financial year ended 31 December 2022.

vi) Share Buy Back

There was no share buyback exercise done during the financial year ended 31 December 2022.

COMPLIANCE STATEMENT

This Statement on the Company's corporate governance practices is made in compliance with the Listing Requirement. Having reviewed and deliberated this Statement, the Board is satisfied that, to the best of its knowledge, for the financial year under review the Company is substantially in compliance with the principles and practices set out in the MCCG 2021, as well as the relevant paragraphs under the Listing Requirement. This statement has been presented and approved by the Board at its meeting held on 29th March 2023.

AUDIT COMMITTEE REPORT

The Board of Directors of HeiTech Padu Berhad is pleased to present the Report of the Audit Committee (“Committee”) for the financial year ended 31 December 2022 in compliance with paragraph 15.15 of the Listing Requirements of Bursa Malaysia Securities Berhad (“BMSB”).

COMPOSITION AND MEETINGS

At present, the Committee consists of three (3) Independent Non-Executive Director of the Company. The composition of the Committee includes members of the Malaysian Institute of Accountant (“MIA”) as prescribed in the Accountant Act 1967. Therefore, the requirement of paragraph 15.09(1) of the Listing Requirements of BMSB has been complied with.

The Committee has met seven (7) times during the financial year ended 31 December 2022. The composition of the Committee and the details of their attendance are as follows:

Wan Ainol Zilan Binti Abdul Rahim <i>(Chairman of the Committee w.e.f 1.1.2022)</i>	Encik Hamzah Bin Mahmood <i>(Member of the Committee w.e.f 1.1.2022)</i>	Encik Razalee Bin Amin <i>(Member of the Committee w.e.f 1.1.2022)</i>
Status of Directorship		
Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director
No. of Meetings Attended		

The Committee meetings were attended by the Senior Management of HeiTech and the Vice President of Audit & Assurance. External Auditors have attended the meeting, upon invitation to brief the Committee on matters pertaining to financial year end audit.

TERMS OF REFERENCE OF THE COMMITTEE

The Terms of Reference of the Committee are accessible for reference by the public through HeiTech’s corporate website at www.heitech.com.my.

AUDIT COMMITTEE REPORT

COMMITTEE'S WORK SUMMARY

During the financial year ended 31 December 2022, the Committee has carried out the following tasks:

Financial Reporting	Internal Audit
<p>(i) Reviewed the quarterly financial results prior to recommending for consideration and approval by the Board of Directors;</p> <p>(ii) Reviewed the annual audited financial statements to ensure compliance with the Listing Requirements of the BMSB, applicable approved accounting standards and other statutory and regulatory requirements prior to recommending for approval by the Board of Directors;</p> <p>(iii) Reviewed the impact of any changes to the accounting policies and adoption of new accounting standards as well as accounting treatments used in the financial statements; and</p> <p>(iv) Obtained assurance from the President/Executive Deputy Chairman and Group Chief Financial Officer that:</p> <ul style="list-style-type: none"> • Appropriate accounting policies had been adopted and applied consistently; • The going concern basis applied in the annual financial statements and quarterly financial statements was appropriate; • Prudent judgements and reasonable estimates had been made in accordance with Malaysian Financial Reporting Standards (“MFRS”); • Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs and Listing Requirements of BMSB; and • The annual audited financial statements and the quarterly financial statements did not contain material misstatements and gave a true and fair view of the financial performance and financial position of the Group and the Company for 2022. 	<p>During the year, the Committee:</p> <ul style="list-style-type: none"> (i) Reviewed and approved the 2022 Annual Internal Audit Plan; (ii) Reviewed and approved the 2022 KRA/KPIs for the Internal Audit; (iii) Reviewed and deliberated the Internal Audit reports on significant issues and audit findings, audit recommendations, and Management responses and action plans; (iv) Discussed on action taken to improve the effectiveness of the internal control system in the audit areas; (v) Monitored the implementation of audit recommendations to ensure that all key risks and controls issues are being addressed; (vi) Reviewed the Audit Committee Report, Statement on Risk Management and Internal Control, and Statement of Corporate Governance and recommend to the Board for approval prior to their inclusion in the Annual Report; (vii) Reviewed Internal Audit performance reports for the financial year to ensure the adequacy of resource requirements, competencies of Internal Audit staff, performance and progress of the Internal Audit function to execute the annual audit plan, achievement and coverage of the Internal Audit function; and (viii) Appraised the performance of the Vice President of Audit & Assurance and the measurements of the Internal Audit function against the KRA/KPIs set. <p>The Chairman of the Committee held private sessions with the Vice President of Audit & Assurance on audit reports and any internal audit related matters when there were issues of concern.</p>



AUDIT COMMITTEE REPORT

External Audit	Related Party Transactions
<p>During the year, the Committee evaluated, reviewed and recommended to the Board of Directors for approval on the followings:</p> <ul style="list-style-type: none"> (i) The External Auditor’s 2022 terms of engagement, audit plan, nature, approach and scope of the audit; (ii) The audit fees and key audit staff assigned to the audit engagement; (iii) Issues arising from External Auditor’s identified Key Audit Matters (“KAM”) and the audit procedures in addressing such KAM, Management’s response and External Auditor’s evaluation of the Internal Control System; (iv) The significant accounting and auditing issues arising from the audit and any matters the External Auditors may wish to discuss; and (v) The External Auditor’s report on Directors’ Statement on Risk Management and Internal Control (“SORMIC”). <p>In 2022, the Committee held two (2) private sessions with External Auditors Messrs. AlJafree Salihin Kuzaimi PLT, in the absence of Management on 6 April 2022 (Special ACM) and 24 November 2022 (98th ACM).</p> <p>The External Auditors have assured the Committee that in accordance with the terms of all relevant professional and regulatory requirements, they had been independent throughout the audit engagement.</p>	<ul style="list-style-type: none"> (i) Reviewed and discussed reports on Related Party Transactions (“RPT”), Recurrent RPT (“RRPT”) and possible Conflict of Interest (“COI”) transactions to ensure that all RPT and RRPT were undertaken on an arm’s length basis and on normal commercial terms, consistent with the Company’s usual business practices and policies, which are not more favourable than those available to the public and other suppliers and are not detrimental to the minority shareholders; and (ii) Monitored the threshold of the RPT and RRPT to ensure compliance with the Listing Requirements of BMSB. <hr/> <p>Annual Reporting</p> <p>The Committee reviewed and recommended to the Board of Directors for approval, the disclosures on the Statement of Corporate Governance, Audit Committee Report and Statement on Risk Management and Internal Control for the financial year ended 31st December 2022 for inclusion in the 2022 Annual Report to ensure that they were prepared in compliance with relevant regulatory requirements and guidelines.</p>

STATE OF INTERNAL CONTROL

The Statement on Risk Management and Internal Control furnished on pages 113 to 120 of the annual report provides the overview of the state of internal controls within the Group.

RELATIONSHIP WITH THE EXTERNAL AUDITORS

The Group through the Committee has established transparent and appropriate relationship with the External Auditors in order to meet their professional requirements. Key features underlying the relationship of the Committee with the External Auditors are included in the Audit Committee’s Terms of Reference. Meetings are held to discuss the findings of the External Auditors and to finalise the results of the audited financial statements.

AUDIT COMMITTEE REPORT

SUMMARY OF THE INTERNAL AUDIT FUNCTION

HeiTech has an in-house Internal Audit function carried out by the Audit & Assurance Department (“AA”). The principal responsibility is to evaluate and improve the effectiveness of risk management, internal control and governance processes. This is accomplished through a systematic approach of regular reviews and appraisals of the operational activities, internal control and governance processes based on the audit plan that is approved by the Committee annually. This will provide the Board of Directors with assurance it requires regarding the adequacy, integrity and effectiveness of the internal control system.

AA is headed by the Vice President of Audit & Assurance, Encik Ahmad Kamal Bin Mohd Kassim who reports to the Audit Committee. He is a Chartered Member of The Institute of Internal Auditors Malaysia. He is also a Chartered Accountant of The Malaysian Institute of Accountants and holds a Bachelor’s Degree in Accountancy (Honours), Universiti Teknologi MARA. He was commissioned as a Certified Integrity Officer by the Malaysian Anti-Corruption (MACC) Academy. He has more than 25 years’ experience in the areas of internal and external auditing, business process improvement, quality management system, enterprise risk management and corporate governance assurance.

The Terms of Reference of the Internal Audit function are clearly spelt out in the Audit Charter that defines the roles, responsibilities, accountability and the Department’s scope of work. AA had operated and performed in accordance with the principles of the Audit Charter that provides for its independence function. Internal Audits are carried out across the Group to ensure consistency in the application of policies and procedures within the Company and the Group. AA independently reviews the internal control processes (financial, operational and IT controls) implemented by the Management.

A detailed 2022 Annual Internal Audit Plan was presented to the Committee for approval. The Internal Audit function adopts risks-based approach following COSO (Committee of Sponsoring Organisation of The Treadway Commission) as the Control Framework for financial and operational activity, and COBIT (Control Objectives for Information and Related Technology) for IT related audit and prepares its audit strategy and plan based on the risk profiles of the major business units and support functions of the Group.

AA has a total of 8 staffs as of 31 December 2022. The total operation cost of the Department for 2022 was RM909,527 comprising of mainly salaries, travelling expenses, administrative and training.

The Internal Audit assignments conducted in 2022 includes operational and management audit, IT security and infrastructure audit and project management and compliance audit. The audits covered various operational areas, projects undertaken, subsidiary companies and support functions. The corresponding audit reports were presented to the Management and Committee for attention, deliberation and corrective actions.

During the financial year, AA had undertaken the following activities:

- (a) Prepared the 2021 Annual Internal Audit Performance Report for review by the Committee;
- (b) Prepared the 2022 KRA/KPIs for approval by the Committee;
- (c) Prepared the 2022 Annual Internal Audit Plan for the approval of the Committee;
- (d) Implemented the approved 2022 Annual Internal Audit Plan;
- (e) Assessed the adequacy and effectiveness of internal control system within the Company and the Group;
- (f) Examined and evaluated the adequacy, effectiveness and efficiency of all financial and operational control within the Company and the Group;
- (g) Ascertained the adequacy of controls to safeguard the assets of the Company and where applicable, verify the existence of the assets owned by the Company and the Group;
- (h) Reviewed the Related Party Transactions (“RPT”) arise within the Company and the Group on a quarterly basis;
- (i) Provided reporting and recommendations to the Management of the Company and/or the Committee and the Board of Directors on the outcome of the audits;
- (j) Conducted follow up audits to ensure effective and timely resolution of audit issues;
- (k) Conducted ad-hoc audits upon request by the Committee and Management of the Company;
- (l) Organised training programs for Internal Auditors to enhance their audit skills and knowledge; and
- (m) Kept the Committee informed of the progress of audit activities.

This Audit Committee Report is made in accordance with the resolution of the Board of Directors dated 29 March 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Pursuant to Paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Malaysia”), a listed issuer must ensure that its Board of Directors (“Board”) includes in its annual report a statement about the state of its risk management and internal controls as a group. In addition, Principle B (II) of the Malaysian Code on Corporate Governance (“MCCG”) also stipulates that the Board should maintain a sound system of internal controls, including a review of its effectiveness to safeguard shareholders’ investments and the Group’s assets.

Set out below is HeiTech’s Statement on Risk Management and Internal Control, in compliance with the MMLR of Bursa Malaysia.

BOARD OF DIRECTORS’ ACCOUNTABILITY

The Board acknowledges its responsibility to oversee and ensure a sound system of risk management and internal control for HeiTech. The risk management and internal control is regularly reviewed to ensure it remains relevant, effective and applicable to the changes in HeiTech’s structure, processes and dynamic business environment. An effective risk management framework helps HeiTech achieve its optimal performance by incorporating risk information for better decision-making, while sound internal controls enable appropriate responses in managing the identified risks, thus facilitating effective and efficient operations while safeguarding shareholders’ investments and the Group’s assets.

HeiTech’s risk management and internal control does not apply to its associated companies and joint controlled entities, which fall within the control of their majority shareholders. The interests of HeiTech are served through representation on the Board of the respective companies. These representations provide the Board with information for strategic decision making in view of the continuity of the Group’s investments.

The Board confirms that there is an ongoing process of identifying, evaluating and managing all significant risks faced by the Group and is satisfied with the adequacy and effectiveness of the Group’s risk management and internal control for the year under review. The Board is also cognisant of its role in providing risk oversight and sets the tone and culture towards embedding risk management practices across the Group. The Board is supported by the Risk Management Committee and Audit Committee.

RISK MANAGEMENT

HeiTech’s risk management framework governs the overall risk management activities within the Group. The risk management framework was established based on the guidelines from ISO 31000. It involves systematic processes from risk identification to risk reporting, on the risks that may affect the achievement of business objectives. Close monitoring and controlled processes, such as the usage of appropriate risk indicators are implemented to ensure the risk profiles are managed as per the guidelines in our risk management framework. In addition, the risk management activities also include evaluation and assessment of all investments to be made by HeiTech. All activities help to reduce uncertainties surrounding the internal and external environment, allowing us to maximise opportunities and build a successful and sustainable business. These processes continue to be in place for the year under review.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The implementation of risk management in the Group is supported by the following committees:

(a) Risk Management Committee (“RMC”)

RMC was established by the Board to signify the Group’s commitment in enhancing the risk management system. RMC is responsible for the overall oversight, implementation and monitoring of the Group-wide Enterprise Risk Management

Committee Members	Designation
Datuk Mohd Radzif Bin Mohd Yunus	Chairman
Sulaiman Hew Bin Abdullah	Member
Chong Seep Hon	Member

(b) Central Risk Review Committee (“CRRC”)

CRRC was formed to serve as a platform to assist the RMC and are responsible for group-wide risk activities, such as evaluation and formulation of effective mitigation controls. Members of CRRC are appointed by the RMC, upon recommendation by the Group Chief Risk Officer.

CRRC conducts the following activities to assist the RMC in discharging its duties and responsibilities:

- Establish risk management framework, policy and procedures;
- Facilitate and guide Risk Officers to perform their role effectively;
- Review key risk profile for process risk as escalated by the Management Review meeting;
- Identify strategic risks for each of the companies within the Group, that could affect business performance and survivability;
- Monitor the implementation of risk mitigation plans and deliberate to RMC on a quarterly basis;
- Coordinate programmes for continuous improvement of the ERM implementation; and
- Evaluate and assess the risks associated with all investments to be made by HeiTech.

INTERNAL CONTROL

The Board is committed to maintaining an effective Internal Control Structure and controlled environment for the proper conduct of business operations. The following key Internal Control Structures were implemented to ensure effective control and provide key elements needed in maintaining sound internal control:

(a) Control Environment

HeiTech established structures that provide the basis for carrying out internal control across the organisation. The Board and Senior Management set the tone at the top regarding the importance of internal control including the expected standards of conduct.

(i) Board Committees

The Board acknowledges sound governance requires effective interaction among the Board, the Management and the auditors. The Board reviews and deliberates the whole spectrum of the Group’s business strategies, directions, challenges and financial statements. In discharging its responsibilities, the Board is assisted by the following Board Committees, that are administered by defined terms of reference:

- Audit Committee
- Risk Management Committee
- Integrity & Whistleblowing Board Committee
- Nomination and Remuneration Committee
- Employee Share Option Scheme Committee
- Voluntary Separation Scheme Committee

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(ii) Management meetings

The following are the various types of Management meetings conducted in HeiTech:

Type of Management meetings	Frequency
Executive Council meetings Set the strategic direction of the Group and review the Group's performance and challenges.	Quarterly
Central Review Committee meetings Review and evaluate business proposals to ensure that strategic solutions, pricing and partnerships (with customers and various types of partners) are appropriately considered.	When needed
Central Risk Review Committee meetings Review and deliberate key risk profiles for all departments and companies within HeiTech Group. Monitor the effectiveness of the mitigation implementation plan and recommendations for improvement.	Periodically
Management Review meetings Review HeiTech's Quality Management System to ensure the continuation of stability, adequacy, effectiveness and alignment with Quality Policy and the strategic direction of HeiTech.	Quarterly
Procurement Committee meetings Deliberate and approve the procurement and acquisition process.	When needed
Investment Committee meetings Review and deliberate all investments to be made by HeiTech and recommend to the Risk Management Committee.	When needed
Project Steering Committee meetings Monitor the implementation progress for all projects in HeiTech.	Periodically
Management Integrity Committee meetings Oversee the anti-corruption program and the implementation of integrity and ethics initiatives in the Group. Review and deliberate complaints or matters escalated via whistleblowing channels.	Quarterly
Technology Working Group meetings Provide direction on the technology adoption and initiatives to be implemented for HeiTech and the customers. Review and address technology issues or concerns that require experts' attention and support.	Quarterly

(b) Control Activities

HeiTech established a set of policies, procedures and standards that provide the whole organisation with proper guidance for decision making and streamlining the internal processes:

(i) Policies and Procedures

The policies and procedures adopted by all supporting departments under business groups/ operating divisions/ companies of HeiTech Padu Berhad are duly certified under various ISO certifications and subjected to internal quality audit, SIRIM's annual surveillance audit and recertification audit.

For key project management and application development activities, HeiTech adopts Capability Maturity Model Integration ("CMMI") as a process model framework. All project documentations are stored in the central project repository and systematic documentation of procedures and process flows are in place, for reference to all HeiTech's staff.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(ii) Certifications and Standards

Certifications

HeiTech is dedicated to progressively improving its service quality by maintaining international certifications, as follows:

<p>ISO 9001:2015 Quality Management System (“QMS”)</p> <p>HeiTech has achieved and conformed to QMS certification since 2000. The scope of the certification covers:</p> <ul style="list-style-type: none"> • Provision of management and corporate services to the business groups/operating divisions/ companies of HeiTech Padu Berhad; • Provision of Network Services (front end and back end): WAN Installation and Maintenance Services and LAN Installation and Maintenance Services; • Provision of Data Centre and Help Desk Support; • Account Management; and • Core business i.e., system development projects and system maintenance projects. 	<p>ISO 22301:2012 Business Continuity Management System (“BCMS”)</p> <p>Achieved and conformed to BCMS certification since 2018. The scope of certification covers:</p> <ul style="list-style-type: none"> • Primary functions on the main products and services in running the business of providing integrated ICT solutions that includes Cloud Services, Business Recovery Management Services (“BRMS”), Wide Area Network (“WAN”), HeiTech IT Outsourcing Services (“HIOS”), Local Area Network and Security Services, Internet Data Centre Services (“IDC”), Infrastructure Management Services and Call Centre Operation Services (“CCO”); and • Supporting functions that include Human Capital Management Services, Finance and Procurement Services, Marketing and Communications Services and Project Management Services.
<p>ISO 27001:2013 Information Security Management System (“ISMS”)</p> <p>Achieved and conformed to ISMS certification since 2006. The scope of certification covers:</p> <ul style="list-style-type: none"> • Padu*Net Nodes Infrastructure; • Business Recovery Management Services; • Internet Data Centre Services; • Desktop Management Services; and • Call Centre Operations Services. 	<p>ISO 37001:2016 Anti-Bribery Management System (“ABMS”)</p> <p>Achieved and conformed to ABMS certification since 2020. The scope of certification covers:</p> <ul style="list-style-type: none"> • Provision of Account Management (Sales Process); and • Provision of support services (QMS, Procurement, Finance, Human Resource, Legal, Corporate Communication and Project Monitoring).
<p>ISO 20000-1:2018 Service Management System (“SMS”)</p> <p>Achieved and conformed to SMS certification since 2010. The scope of certification covers:</p> <ul style="list-style-type: none"> • Wide Area Network Services (“WAN”); • Local Area Network Services (“LAN”); • Desktop Management Services (“DMS”); • Data Centre Services (“DCS”); and • Helpdesk Support Services. 	

Internal quality audits and follow-up audits are scheduled and performed on all processes govern under ISO certifications, by our Certified Lead Auditors. Besides maintaining compliance over the process and delivery, internal quality audit activities also help to improve internal processes and practices management.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Capability Maturity Model Integration (“CMMI®”)

The Capability Maturity Model Integration (“CMMI®”) for Development framework globally recognised set of best practices that provides an integrated and holistic approach that allows HeiTech to focus on performance improvement areas for application development. CMMI process compliance assessments are continuously being carried out on a monthly basis to assess the compliance level and necessary action(s) for improvement. Implementing a disciplined process in the organisation improves the organisation’s control over the execution of projects, as well as to help meeting stiff project deadlines and quality levels. CMMI for Development model assists HeiTech to develop and institutionalise efficient and effective processes in the organisation. A well-interpreted, developed and properly followed process will increase the ability to meet project goals and improve profitability. The benefits associated with the CMMI for Development model are:

- Improvement in productivity and quality;
- Increase in cycle time thus improving customer satisfaction; and
- Meeting business objectives thus improving business and growth.

A well-established CMMI program also acts as a catalytic business model for the organisation. HeiTech has successfully maintained its CMMI since 2006 and presently is accredited CMMI for Development v2.0 Maturity Level 3, assessed by the CMMI Institute from the United States. HeiTech is also one of the seven (7) organisations in Malaysia to have achieved and maintained the CMMI maturity level to date.

Standards

HeiTech is also committed to improving its service quality by maintaining the application of various international standards, as follows:

Payment Card Industry Data Security Standard (“PCI DSS”)	Telecommunications Infrastructure Standard
<p>HeiTech has maintained PCI DSS certification since January 2017. The PCI DSS is a proprietary information security standard for organisations that handle credit cards from the major card schemes including Visa and MasterCard. The PCI DSS provides a baseline for technical and operational requirements hosting credit card handling organisations. The scope of this certification covers:</p> <ul style="list-style-type: none"> • Physical Security for Hosting & Co-Location which focus on Requirement 9 (Implement Strong Access Control Measures); and • Requirement 12 (Maintain Information Security Policy). <p>An annual surveillance audit will be carried out by ControlCase LLC, the Qualified Security Assessor Company which is based in the USA.</p>	<p>Data Centre in HeiTech Village 2 is certified with ANSI/TIA-942-B:2017 Rated 3 and it is Tier IV ready. It is in accordance with the Telecommunications Infrastructure Standard (“TIA 942”) for Data Centres, on the following scopes:</p> <ul style="list-style-type: none"> • Architecture; • Mechanical; • Electrical; and • Telecom.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

(iii) Defined Business Process and Improvement

Defined business processes are designed to improve the organisation's performance, key capabilities, critical business processes and to manage risks that may affect the achievement of business objectives.

HeiTech has developed its own project management and application development processes based on global best practices from the Project Management Institute ("PMI") and CMMI Institute in the United States.

The adoption of these structured processes for IT projects, which include HeiTech's Project Management Information System ("PROMISE") and Application Development Information System ("ADVISE") provides guidance to improve the organisation's processes and ability to manage the development, acquisition and maintenance of products and services.

These processes are regularly reviewed and updated to ensure that they conform to changes in technology and the industry. The defined business processes of HeiTech are available online to all staff, through our knowledge portal.

(iv) Limits of Authority

Limits of Authority outlines the authorised signatories' authority in contract execution; financial and procurement approvals and execution thereof.

(v) Whistleblowing Policy and Guidelines

HeiTech expects the highest standards of integrity from all employees as well as Business Associates. In line with good corporate governance practices, the Board of Directors and Management encourage all stakeholders, employees and third parties to report suspected inappropriate behaviour or misconduct relating to fraud, corrupt practices and/or abuses. HeiTech has established Whistleblowing Policy and Guidelines ("WBP") that provides clarity of oversight and responsibilities

of the whistleblowing process, the reporting process, protection to whistle blowers and confidentiality afforded to the whistle blowers. The primary aim of the WBP is to enable individuals to raise genuine concerns in a secured and confidential manner, in accordance with the Malaysian Whistleblower Protection Act 2010 (ACT 711).

The WBP is made available to all employees via MyHR Portal. It is also made available to external parties and stakeholders via our Corporate website, www.heitech.com.my.

(vi) Anti-Bribery and Corruption Policy

HeiTech's Anti-Bribery and Corruption Policy ("ABCP") sets out responsibilities to comply and provide guidance to employees concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of its operations and business activities. In addition, HeiTech has established a 3-Year Anti-Corruption Plan (2020-2022) with the following objectives:

-
- Setting a framework for HeiTech's journey towards strengthening governance and integrity to combat bribery and corruption;
 - To cultivate a good corporate governance and practices in organisation;
 - To promote good ethical values, professionalism, transparency, accountability and high integrity awareness amongst employees; and
 - To safeguard stakeholder and organisation i.e., commercial organisation from potential corporate liability as per Section 17A MACC Act 2009 (Amendment 2018).
-

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL



HeiTech adopts a zero-tolerance approach towards bribery and corruption and is committed to acting professionally, fairly and with integrity in all our business dealings and relationships by implementing an effective system and controls to counter bribery and corruption.

Our policy is being communicated to our employees and stakeholders via Employee Integrity Handbook and Integrity Kit for Business Associates. Related information and documentation are available on HeiTech’s website, www.heitech.com.my.

(c) Information and Communication

The Group established and utilised various communication channels to effectively disseminate key messages in a timely manner and to the right audience. Among the internal communications channels established are the staff portal, internal newsletter, social media platforms and town hall meetings whilst the annual report, company website, investor relations portal and digital media are platforms for external communications.

A Corporate Communications Policy sets the direction for effective information dissemination and ensures that communications across the Group are effectively managed and controlled to fulfil the needs of the organisation and stakeholders.

(d) Monitoring

HeiTech performed ongoing monitoring activities and evaluations to ensure that each of the components of internal control are present and functioning:

(i) Internal Audit

The internal audit function in HeiTech is carried out by Audit & Assurance Department (“AA”), with the objective to bring a systematic and disciplined approach in evaluating and assisting in improving the design and effectiveness of the Group’s governance, risk management and internal control. AA maintains its impartiality, proficiency and due professional care by having its plans and reports directly to the Audit Committee. In providing an independent and impartial appraisal, the internal auditors are given full and unrestricted access to all records, information and other relevant resources within the Group.

The responsibilities and scope of work of AA are defined in the Internal Audit Charter’s Term of Reference, approved by the Audit Committee. AA provides independent assessment on HeiTech’s internal control system and attends to ad-hoc audit review as and when requested by the Audit Committee and Management. The results for all audit exercises including follow-up audit reports will be tabled and deliberated in the Audit Committee Meeting.

Defined Key Result Areas (“KRAs”) and Key Performance Indicator (“KPIs”) for AA were established to manage and oversee the Group’s strategic, operational and compliance auditing activities during the year under review. Details on the activities undertaken by AA are set out in the Audit Committee Report.

(ii) Corporate Planning

HeiTech’s Corporate Planning Department consolidates the business plan for all HeiTech Group of Companies. The business plan outlines the key result areas of each of the companies. The business plan will be presented, deliberated and approved by the Board of HeiTech.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Corporate Planning Department also reviews business plans on a quarterly basis to monitor and assess the performance of each company, to ensure the targets set are met. The Operational Masterplan document will be used to assess the performance of all companies against the goals and targets set.

(iii) Organisational Best Practices & IT Management

The Organisational Best Practices & IT Management (“OrBIT”) Department keeps track of all project-related metrics including team performance and task duration, identifying potential problems and identifying corrective actions necessary to ensure that the project is within scope, on budget and meets the specified deadlines. OrBIT oversees all tasks and activities and ensures they are being implemented as planned. This is done by reviewing and analysing Monthly Project Reports submitted by the project teams in the organisation. These are then summarised into an Executive Management Report. The report is escalated to the Management and necessary action will be taken, where applicable.

OrBIT closely monitors project process compliance by analysing project deliverables to ensure completeness and conformity to HeiTech’s defined processes and CMMI for development framework. This activity is carried out on a monthly basis. The findings are then shared with the project teams via the Process Compliance Report for further corrective action and process improvement.

The OrBIT is also responsible to ensure HeiTech’s IT policies remain relevant, continuously updated and consistently enforced throughout HeiTech. OrBIT monitors and ensure all internal systems can be operated with minimal downtime and all systems/ infrastructure are in good condition to support HeiTech existing and future business needs.

(iv) Legal and Regulatory Compliance

Guided by HeiTech’s core values and Code of Business Conduct, the Legal Department is fully committed to ensuring that compliance is a central pillar to the Management and an integral part of HeiTech’s corporate culture and business processes. HeiTech pledges to do

business the right way and comply with all applicable laws and regulations in order to effectively manage legal compliance, which embeds and integrates compliance assurance and reporting. HeiTech strives to achieve outstanding performance, whilst maintaining the highest level of ethical integrity. The tone on regulatory compliance is clear and consistently reiterated from the top of the organisation.

The Legal Department has internal policies, processes and procedures in reviewing the contract formation and monitoring contractual performance to minimize risks towards HeiTech’s business operation. HeiTech recognises the importance of protecting and securing shareholders’ and customers’ personal data. HeiTech has taken steps to be fully compliant with the Personal Data Protection Act 2010 (“PDPA 2010”).

(v) Human Capital Development and Training

Human capital development and training activities are driven from the assessment conducted on employees’ performance and competencies against required competencies, skills, behaviour and attitude. The Performance Management and Development Review policy and procedure is established to ensure good performance management and continuous improvement through ongoing appraisal and development of employees.

HeiTech uses a Balanced Scorecard approach to derive the overall strategic business goals of the Group. Using the Balanced Scorecard, KPIs are formulated for individual employees, which focuses on their performance metrics. The individual employee’s competencies are appraised through Competencies Assessment & Development (“CAD”). The CAD indicates the competency level of the individual employee against the required competency.

The outcomes of the individual employee’s CAD determine the competency gaps which will trigger the required training and development program to address the gaps. HeiTech’s training and development programs are planned and executed annually, guided by Competency Development Policy.



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DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the provision of systems integration, network related services, data centre management, disaster recovery services and other information technology related services. Under the Communications and Multimedia Act (CMA) 1998 Framework, the provision of network related services and internet data centre services are licensed as Network Services Provider Individual License (NSP (I)) and Application Service Provider Class License (ASP (c)) respectively.

The principal activities of the subsidiaries are described in Note 15 to the financial statements.

FINANCIAL RESULTS

	Group RM'000	Company RM'000
Loss for the year	(10,039)	(7,577)
Loss attributable to:		
Owners of the parent	(9,869)	(7,577)
Non-controlling interests	(170)	-
	(10,039)	(7,577)

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividend in respect of the current financial year.

**DIRECTORS**

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor **

Dato' Sri Mohd Hilmey Bin Mohd Taib **

Sulaiman Hew Bin Abdullah **

Wan Ainol Zilan Binti Abdul Rahim **

Datuk Mohd Radzif Bin Mohd Yunus **

Hamzah Bin Mahmood

Razalee Bin Amin

Nik Mustapha Bin Nik Mohamed

Chong Seep Hon

Dato' Mohd Fadzli Bin Yusof **

(Retired on 23 June 2022)

** These directors are also the directors of certain subsidiaries of the Company.

The names of the directors of the Company's subsidiaries in office since the beginning of the financial year to the date of this report (not including those directors listed above) are:

Abdul Halim Bin Md. Lassim

Ahmad Nasrul Hakim Bin Mohd Zaini

Salmi Nadia Binti Mohd Hilmey

Ahmad Fathony Zakaria

Azhar Bin Ismail

Ahmad Jefri Bin Abdul Rashid

Zaharudin Bin Daud

Azuar Fariz Bin Adnan

Datuk Johar Bin Che Mat

Joshua Samuel Smith

Harris Bin Ismail

Dato' Ghazali Bin Awang

Noor Azhar Bin Raffie

(Appointed on 1 August 2022)

Muhammad Ramizu Bin Mustaffa

(Appointed on 8 September 2022)

Nik Maimun Binti Nik Sulaiman

(Appointed on 8 September 2022)

Abdul Allim Shah Bin Mohd Sharif

(Appointed on 8 September 2022)

Anua Bin Abd Aziz

(Resigned on 1 August 2022)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

DIRECTORS' REPORT

DIRECTORS' BENEFITS (CONT'D)

The directors' benefits are as follows:

	Group RM'000	Company RM'000
Fees	1,752	1,518
Other emoluments	470	470
Benefits-in-kind	92	92
	2,314	2,080

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains on a Group basis, a directors' and officers' liability insurance for any legal liability incurred by the directors or officers in the discharge of their duties while holding office for the Group and the Company. The total amount of sum insured for directors and officers of the Group for the financial year amounted to RM35,000,000. The directors and officers shall not be indemnified by such insurance for any deliberate negligence, fraud, intentional breach of law or breach of trust proven against them. No payment has been made to indemnify the directors or officers for the financial year ended 31 December 2022.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company or its holding company or subsidiaries of the holding company during the financial year except as follows:

	Number of ordinary shares			31 December 2022
	1 January 2022	Bought	Sold	
The Company				
<i>Direct interest</i>				
Dato' Sri Mohd Hilmey Bin Mohd Taib	3,841,384	25,100	-	3,866,484
<i>Indirect interest</i>				
<u>Held through Padujade Corporation Sdn. Bhd.</u>				
Dato' Sri Mohd Hilmey Bin Mohd Taib	12,899,828	1,436,500	-	14,336,328
<u>Held through Gerbang Mahligai Sdn. Bhd.</u>				
Hamzah Bin Mahmood	292,000	-	-	292,000
HeiTech Academy Sdn. Bhd.				
- a fellow subsidiary				
Direct interest				
Dato' Sri Mohd Hilmey Bin Mohd Taib	1	-	-	1

**DIRECTORS' INTERESTS (CONT'D)**

Dato' Sri Mohd Hilmey Bin Mohd Taib by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent the Company has an interest.

None of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

OTHER STATUTORY INFORMATION

- (a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for expected credit losses and satisfied themselves that all known bad debts has been written off and that adequate allowance of expected credit losses for doubtful debts has been made; and
 - (ii) to ensure that any current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances which would render:
 - (i) it necessary to write off bad debts or the amount of the allowance of expected credit losses for doubtful debts in the financial statements of the Group and the Company inadequate to any substantial extent; and
 - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) As at the date of this report, there does not exist:
 - (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
 - (ii) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

DIRECTORS' REPORT

OTHER STATUTORY INFORMATION (CONT'D)

- (f) In the opinion of the directors:
- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
 - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

AUDITORS

The auditors, Al Jafree Salihin Kuzaimi PLT, have expressed their willingness to accept the re-appointment.

Auditors' remuneration is as follows:

	Group RM'000	Company RM'000
Al Jafree Salihin Kuzaimi PLT	430	269
Other auditors	18	-
	448	269

To the extent permitted by law, the Company has agreed to indemnify its auditors, Al Jafree Salihin Kuzaimi PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Al Jafree Salihin Kuzaimi for the financial year ended 31 December 2022.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 29 March 2023.

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor

Dato' Sri Mohd Hilmey Bin Mohd Taib



STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor and Dato' Sri Mohd Hilmey Bin Mohd Taib, being two of the directors of HeiTech Padu Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements of the Group and of the Company are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and of its financial performance and cash flows for the year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the directors dated 29 March 2023.

Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor

Dato' Sri Mohd Hilmey Bin Mohd Taib

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT, 2016

I, Ahmad Nasrul Hakim Bin Mohd Zaini, being the officer primarily responsible for the financial management of HeiTech Padu Berhad, do solemnly and sincerely declare that the accompanying financial statements of the Group and of the Company are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the)
abovenamed Ahmad Nasrul Hakim Bin Mohd Zaini)
at Subang Jaya in Selangor Darul Ehsan)
on 29 March 2023.)

Ahmad Nasrul Hakim Bin Mohd Zaini

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of HeiTech Padu Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on accompanying pages.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters

How our audit addressed the key audit matters

1) Revenue recognition

In accordance with MFRS 15 Revenue from Contracts with Customers, the analysis of whether the contracts comprise one or more performance obligations, allocation of transaction prices to one or more performance obligations and the determination whether the performance obligations are satisfied over time or at a point in time are areas requiring significant management judgement.

There is a risk of error in the measurement and timing of revenue recognition due to either inappropriate assessment of the performance obligations and/or inaccurate allocation of transaction price to various performance obligations.

Furthermore, significant judgement is required in estimating the cost to complete the performance obligation satisfied over time using the input method.

The Group's accounting policies, judgments and disclosures on revenue recognition based on percentage of completion method are disclosed in Note 2.26, Note 3.1(a) and Note 4 to the financial statements. "

Our procedures included, amongst others:

- We walked through the process and test the Groups' internal controls on the revenue recognition and tested the operating effectiveness of the controls;
- We have agreed the contract price in the input method calculation to the latest contract and variation orders;
- We have agreed the budget in the percentage of completion calculation to the budget approved by the Procurement Committee Members ("PCM");
- We evaluated the appropriateness of the basis of the approved budget by the PCM with the management and discussed and challenged the significant basis applied in their budget;
- We have selected samples based on materiality to vouch for the actual cost incurred during the year to ensure existence and completeness of the percentage of completion;
- We have obtained the statements of accounts from active creditors to ensure the completeness of the actual cost recorded;
- We have agreed the revenue recognised during the year to the actual billings to the customers subsequent to the year end to ensure the completeness of the revenue recognised during the year; and
- We have re-calculated the percentage of completion to ensure mathematical accuracy.
- We have reviewed the adequacy of the disclosures of the revenue recognition in the audited financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

Key Audit Matters

2) Impairment of intangible assets and property, plant and equipment

During the year, the Group recorded loss after tax and the carrying amount of the net assets of the Group less than the market capitalisation indicating that the carrying amount of the Group's intangible assets and property, plant and equipment may be impaired.

In accordance with MFRS 136: Impairment of Assets, the Group is required to perform impairment test for its cash generating unit ("CGU") whenever there is an indication that the CGU may be impaired by comparing the carrying amount with its recoverable amount. Recoverable amount is defined as the higher of fair value less costs of disposal ("FVLCD") and value-in-use ("VIU"). The standard also requires goodwill to be allocated to the respective CGUs and tested for impairment annually.

The Group allocated its goodwill to one CGU and estimated the recoverable amount CGU based on FVLCD. The Group relied on management expert to determine the recoverable amount based on fair value less costs of disposal.

The Group's accounting policies and disclosures on property, plant and equipment are disclosed in Note 2.7 and Note 12 to be financial statements.

The Group's accounting policies and disclosures on intangible assets are disclosed in Note 2.8 and Note 14 to the financial statements.

How our audit addressed the key audit matters

Our procedures included, amongst others:

(i) In reviewing the impairment assessments based on VIU model, our procedures included, amongst others:

- We challenged the key assumptions used in the projected revenue growth and operating margins by comparing to the actual revenue growth and operating margins in previous years and trend analysis;
- We assessed the reliability of the cash flow projections by assessing the historical accuracy of management's estimates of profits (and the resulting cash flows) for the respective CGUs in previous years;
- We performed sensitivity analysis on the key inputs of the cash flow projections and challenged management on the outcome of the assessment; and
- We assessed the appropriateness of the disclosures in the notes to the financial statements.

(ii) In reviewing the impairment assessment based on FVLCD, our procedures included, amongst others:

- We re-calculated the impairment assessment for mathematical accuracy;
- We evaluated the appropriateness of the work of the management expert. We corroborated the expert's work, tested source data and reviewed the expert's report and conclusion; and
- We evaluated the objectivity, independence and expertise of the management expert by inquiring the management experts regarding the years of experience and qualifications.



INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the Annual Report 2022, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditors' report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report 2022, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

Auditors' responsibilities for the audit of the financial statements (cont'd)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the Group and of the Company for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF HEITECH PADU BERHAD (INCORPORATED IN MALAYSIA)

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ALJAFREE SALIHIN KUZAIMI PLT
201506002872 (LLP0006652-LCA) & AF1522
CHARTERED ACCOUNTANTS

AHMAD ALJAFREE BIN MOHD RAZALLI
No. 01768/05/2023 J
CHARTERED ACCOUNTANT

Dated : 29 March 2023

Selangor, Malaysia

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue	4	293,853	269,502	264,699	245,348
Other income	5	3,432	18,931	1,304	15,353
Employee benefits expense	6	(86,588)	(88,487)	(73,014)	(75,634)
Purchase of hardware and software		(99,726)	(79,947)	(99,726)	(79,914)
Lease line rental		(24,472)	(26,809)	(24,472)	(26,809)
Maintenance costs		(9,286)	(9,774)	(9,286)	(9,774)
Bulk mailing processing charges		(6,044)	(7,698)	-	-
Project implementation costs		(36,698)	(48,129)	(31,302)	(41,480)
Depreciation and amortisation	9	(13,095)	(14,590)	(11,425)	(12,571)
Other expenses		(26,608)	(25,612)	(20,686)	(30,039)
Finance costs	8	(3,906)	(3,709)	(3,668)	(3,528)
Share of results of associates		(184)	194	-	-
Loss before tax	9	(9,322)	(16,128)	(7,576)	(19,048)
Income tax expense	10	(717)	(253)	(1)	(128)
Loss for the year		(10,039)	(16,381)	(7,577)	(19,176)
Loss attributable to:					
Owners of the parent		(9,869)	(15,778)	(7,577)	(19,176)
Non-controlling interests		(170)	(603)	-	-
		(10,039)	(16,381)	(7,577)	(19,176)
Loss per share attributable to owners of the parent (sen per share):					
Basic/diluted	11	(9.75)	(15.59)		



STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loss for the year		(10,039)	(16,381)	(7,577)	(19,176)
Other comprehensive income					
Items that may be reclassified to profit or loss in subsequent periods (net of tax):					
Exchange differences on translation of foreign operations		346	183	-	-
Total comprehensive loss for the year		(9,693)	(16,198)	(7,577)	(19,176)
Total comprehensive loss attributable to:					
Owners of the parent		(9,523)	(15,595)	(7,577)	(19,176)
Non-controlling interests		(170)	(603)	-	-
		(9,693)	(16,198)	(7,577)	(19,176)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Assets					
Non-Current Assets					
Property, plant and equipment	12	49,744	52,935	44,854	46,037
Right-of-use assets	13	7,131	7,605	6,910	7,133
Intangible assets	14	14,289	11,220	6,978	4,614
Investments in subsidiaries	15	-	-	26,393	26,243
Investments in associates	16	1,180	1,364	470	470
Investment in joint venture	17	350	350	350	350
Other investments	18	3,080	3,080	2,470	2,470
Contract cost assets	23	33,883	33,557	33,632	33,557
		109,657	110,111	122,057	120,874
Current Assets					
Inventories	21	235	294	-	-
Trade and other receivables	22	31,674	42,204	39,829	45,204
Contract assets	19	55,006	32,731	53,408	32,709
Contract costs assets	23	53,662	49,847	53,385	49,847
Prepayments		623	559	-	-
Tax recoverable		4,016	3,926	3,353	3,118
Cash and bank balances	24	40,605	61,292	31,718	53,213
		185,821	190,853	181,693	184,091
Asset classified as held for sale	25	1,492	-	-	-
		187,313	190,853	181,693	184,091
Total Assets		296,970	300,964	303,750	304,965
Equity and Liabilities					
Current Liabilities					
Contract liabilities	19	5,868	9,341	5,230	8,900
Loans and borrowings	26	97,124	87,019	96,123	85,479
Trade and other payables	28	72,251	64,934	95,447	87,670
Tax payable		200	189	-	-
Lease liabilities	27	3,876	2,987	3,601	2,723
		179,319	164,470	200,401	184,772
Net Current Assets		7,994	26,383	(18,708)	(681)

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-Current Liabilities					
Deferred tax liabilities	20	75	41	-	-
Loans and borrowings	26	16,526	24,486	14,327	22,294
Lease liabilities	27	4,219	5,793	4,221	5,521
		20,820	30,320	18,548	27,815
Total Liabilities		200,139	194,790	218,949	212,587
Net Assets		96,831	106,174	84,801	92,378
Equity attributable to owners of the parent					
Share capital	29	117,751	117,751	117,751	117,751
Accumulated losses		(29,090)	(19,221)	(32,950)	(25,373)
Foreign currency translation reserve	30	(893)	(1,239)	-	-
		87,768	97,291	84,801	92,378
Non-controlling interests		9,063	8,883	-	-
Total Equity		96,831	106,174	84,801	92,378
Total Equity and Liabilities		296,970	300,964	303,750	304,965

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	← Attributable to owners of the parent →					
	← Non-distributable →			Distributable		
	Share capital (Note 29) RM'000	Foreign currency translation reserve (Note 30) RM'000	(Accumulated losses)/ retained earnings RM'000	Total equity attributable to owners of the parent RM'000	Non- controlling interests RM'000	Total equity RM'000
Group						
At 1 January 2022	117,751	(1,239)	(19,221)	97,291	8,883	106,174
Total comprehensive loss	-	346	(9,869)	(9,523)	(170)	(9,693)
Increase in stake in a subsidiary	-	-	-	-	350	350
At 31 December 2022	117,751	(893)	(29,090)	87,768	9,063	96,831
At 1 January 2021	117,751	(1,422)	7,305	123,634	(1,028)	122,606
Total comprehensive loss	-	183	(15,778)	(15,595)	(603)	(16,198)
Disposal of an associate	-	-	(234)	(234)	-	(234)
Increase in stake in a subsidiary	-	-	(10,514)	(10,514)	10,514	-
At 31 December 2021	117,751	(1,239)	(19,221)	97,291	8,883	106,174

	Non-distributable		Distributable	
	Share Capital (Note 9) RM'000	Share Capital (Note 9) RM'000	Accumulated Losses RM'000	Total equity RM'000
Company				
At 1 January 2022	117,751	(25,373)	92,378	
Total comprehensive loss	-	(7,577)	(7,577)	
At 31 December 2022	117,751	(32,950)	84,801	
At 1 January 2021	117,751	(6,197)	111,554	
Total comprehensive loss	-	(19,176)	(19,176)	
At 31 December 2021	117,751	(25,373)	92,378	

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating activities				
Loss before tax	(9,322)	(16,128)	(7,576)	(19,048)
<u>Adjustments for:</u>				
Gain on disposal of property, plant and equipment	(238)	-	(20)	-
Gain on disposal of a subsidiary and an associate	-	(3,085)	-	(3,009)
Loss on disposal of an associate and an other investment	-	4,959	-	4,959
Hibah income	(616)	(578)	(539)	(484)
Finance costs	3,195	2,769	3,003	2,682
Finance costs on lease liabilities	711	940	665	846
Amortisation of intangible assets	1,032	1,044	543	543
Depreciation of property, plant and equipment	9,140	10,646	8,210	9,460
Depreciation of property, plant and equipment (right-of-use assets)	2,923	2,900	2,672	2,568
Written off on:				
- Property, plant and equipment	-	131	-	-
Reversal of impairment loss on:				
- Trade receivables	(172)	(317)	(46)	(94)
- Other receivables	-	(261)	-	(2,728)
- Investment in associate	-	(6,088)	-	(6,088)
- Investment in other investment	-	(809)	-	(809)
- Property, plant and equipment	-	(99)	-	-
Impairment loss on:				
- Trade receivables	438	1,423	435	1,353
- Other receivables	7	-	7	1,956
- Investment in subsidiaries	-	-	-	3,879
Share of results of associates	184	(194)	-	-
Total adjustments	16,604	13,381	14,930	15,034
Operating cash flows before changes in working capital	7,282	(2,747)	7,354	(4,014)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Operating activities (cont'd)				
Changes in working capital:				
Inventories	59	93	-	-
Trade and other receivables	9,837	28,631	4,979	24,812
Contract assets	(22,275)	22,544	(20,699)	21,542
Contract costs assets	(3,815)	15,173	(3,613)	14,599
Prepayments	(64)	(25)	-	-
Contract liabilities	(3,473)	6,911	(3,670)	6,470
Trade and other payables	8,798	(42,315)	7,777	(37,439)
Total changes in working capital	(10,933)	31,012	(15,226)	29,984
Cash flows (used in)/generated from operations	(3,651)	28,265	(7,872)	25,970
Profit paid	(1,391)	(1,427)	(1,283)	(1,384)
Taxes paid	(762)	(764)	(236)	(236)
Net cash flows (used in)/generated from operating activities	(5,804)	26,074	(9,391)	24,350
Investing activities				
Purchase of property, plant and equipment	(7,379)	(4,258)	(7,028)	(3,910)
Hibah received	616	578	539	484
Proceeds from disposal of property, plant and equipment	238	-	21	-
Software development costs incurred	(4,352)	(1,663)	(2,907)	-
Increase in investment in subsidiaries	-	-	(150)	-
Net proceeds from disposal of a subsidiary, associates and an other investment	-	6,075	-	6,075
Net cash flows (used in)/generated from investing activities	(10,877)	732	(9,525)	2,649



STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financing activities				
Proceeds/(repayment) from loans and borrowings	3,521	(24,816)	4,069	(24,259)
Repayment of obligations under finance leases	(32)	(138)	-	(39)
Deposits upliftment/(placement) to securities for bank borrowings	24,262	(3,009)	23,910	(4,195)
Repayment of lease liabilities	(3,845)	(3,670)	(3,536)	(3,257)
Profit paid	(1,804)	(1,342)	(1,720)	(1,298)
Net cash flows generated from/(used in) financing activities	22,102	(32,975)	22,733	(33,048)
Net increase/(decrease) in cash and cash equivalents	5,421	(6,169)	3,807	(6,049)
Effect of exchange rate changes on cash and cash equivalents	(502)	(828)	-	-
Cash and cash equivalents at 1 January	(606)	6,391	(2,866)	3,183
Cash and cash equivalents at 31 December (Note 24)	4,313	(606)	941	(2,866)

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

1. CORPORATE INFORMATION

HeiTech Padu Berhad (“the Company”) is a public limited liability company incorporated and domiciled in Malaysia, and is listed on Bursa Malaysia Securities Berhad. The registered office of the Company is located at Level 15, HeiTech Village, Persiaran Kewajipan, USJ 1, UEP Subang Jaya, 47600 Selangor Darul Ehsan.

The principal activities of the Company are the provision of systems integration, network related services, data centre management, disaster recovery services and other information technology related services. Under the Communications and Multimedia Act (CMA) 1998 Framework, the provision of network related services and internet data centre services are licensed as Network Services Provider Individual License (NSP (I)) and Application Service Provider Class License (ASP (c)) respectively.

Other information relating to the subsidiaries are described in Note 15.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards (“IFRS”) and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (“RM”) and all values are rounded to the nearest thousand (RM’000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Descriptions	Effective for annual periods beginning on or after
Amendments to MFRS 16 Leases	
- Covid-19 - Related Rent Concessions beyond 30 June 2021	1 January 2022
Amendment to MFRS 3 Business Combinations	
- Reference to the Conceptual Framework	1 January 2022
Amendment to MFRS 116 Property, Plant and Equipment	
- Proceeds before Intended Use	1 January 2022
Amendment to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets	
- Onerous Contracts - Cost of Fulfilling Contract	1 January 2022

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
2.2 Changes in accounting policies (cont'd)

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Descriptions	Effective for annual periods beginning on or after
Annual Improvements to MFRS Standards 2018 - 2020	
- Amendment to MFRS 1 First-time Adoption of Malaysia Financial Reporting Standards	1 January 2022
- Amendment to MFRS 9 Financial Instruments	1 January 2022
- Amendment to MFRS 141 Agriculture	1 January 2022

The adoption of the above standards and interpretation are either not relevant or did not have any material effect on the financial statements of the Group and of the Company.

2.3 Standards issued but not yet effective

Description	Effective for annual periods beginning on or after
MFRS 17 Insurance Contracts ("MFRS 17") and amendments to MFRS 17	1 January 2023
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 16 Leases - Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101 Presentation of Financial Statements	1 January 2024
- Classification of Liabilities as Current or Non-current and Disclosure of Accounting Policies	1 January 2024
Amendments to MFRS 10 and MFRS 128 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards, if applicable will have no material impact on the financial statements of the Group and the Company in the period of initial application.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) The contractual arrangement(s) with the other vote holders of the investee;
- (ii) Rights arising from other contractual arrangements; and
- (iii) The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net identifiable assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss. The accounting policy for goodwill is set out in Note 2.8(a).

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

NOTES TO THE FINANCIAL STATEMENTS

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

(c) Foreign operations

The assets and liabilities of foreign operations are translated into RM at the rate of exchange ruling at the reporting date and income and expenses are translated at exchange rates at the dates of the transactions. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income and accumulated in equity under foreign currency translation reserve relating to that particular foreign operation is recognised in the profit or loss.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)
2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of plant and equipment are required to be replaced in intervals, the Group and the Company recognise such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets at the following annual rates:

Buildings	2% - 10%
Motor vehicles	20%
Machinery, office equipment, furniture and fittings	6% - 20%
Computers and network equipment	25% - 33%
Renovation	15%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Intangible assets
(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.8 Intangible assets (cont'd)

(a) Goodwill (cont'd)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.8 Intangible assets (cont'd)****(b) Other intangible assets (cont'd)****Software development expenditure**

Software development expenditure comprises purchased software, manpower and related overhead incurred directly in the development of computer software. Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Group and the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project (ranging from 5 to 15 years) on a straight line basis.

2.9 Investment in subsidiaries

A subsidiary is an entity over which the Group has:

- (i) Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- (ii) Exposure, or rights, to variable returns from its involvement with the investee; and
- (iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. The policy for recognition and measurement of impairment losses is in accordance with Note 2.11. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.10 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. The Group's investment in its associate and joint venture are accounted for using the equity method.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Investments in associates and joint ventures (cont'd)

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss within 'Share of profit of an associate and a joint venture' in the statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in associates and joint ventures are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.11 Impairment of non-financial assets**

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group and the Company make an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss. Impairment loss on goodwill is not reversed in a subsequent period.

2.12 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets**Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments - initial recognition and subsequent measurement (cont'd)

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost are disclosed in Note 19, Note 22 and Note 24.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments - initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group and the Company have not designated any financial assets under this category.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Group and the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under MFRS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Group and the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group and the Company have not designated any equity instruments under this category.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments - initial recognition and subsequent measurement (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

This category includes unquoted equity investments which the Group and the Company have not irrevocably elected to classify at fair value through OCI. Dividends on unquoted equity investments are also recognised as other income in profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

The Group and the Company have not designated any debt instruments under this category.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.12 Financial instruments - initial recognition and subsequent measurement (cont'd)****(a) Financial assets (cont'd)****Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Group and the Company have transferred its rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred its rights to receive cash flows from an asset or have entered into a pass-through arrangement, it evaluates if, and to what extent, it have retained the risks and rewards of ownership. When it have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

(b) Financial liabilities**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, trade and other payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Financial instruments - initial recognition and subsequent measurement (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group and the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.12 Financial instruments - initial recognition and subsequent measurement (cont'd)****(c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.13 Impairment of financial assets

The Group and the Company recognise an allowance for expected credit losses (“ECLs”) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Group and the Company applied a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group’s and the Company’s cash management, if any. For the deposits pledged to secure any bank borrowings, the Group and the Company did not include the deposits as a part of cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for on a first-in first-out basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sales.

2.16 Current versus non-current classification

The Group and the Company present assets and liabilities in the statements of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group and the Company classify all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.17 Provisions**

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 Employee benefits**(a) Short term benefits**

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave, maternity and paternity leave are recognised when the absences occur.

(b) Defined contribution plans

The Group and the Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.20 Leases

The Group and the Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

As a lessee

The Group and the Company apply a single recognition and measurement approach for all lease, except for short term leases and leases of low-value- asset. The Group and the Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

The Group and the Company recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised. Initial direct costs, incurred, and lease payments made at or before commencement date less any lease incentives received. Right-of-use assets are depreciated on straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If the ownership of the leased assets transfer to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

At the commencement date of the lease, the Group and the Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term.

The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and the Company and payments of penalties for terminating the lease, if the lease terms reflects the Group and the Company exercising the option to terminate.

Variable lease payments that do not depend on an index or a rate recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.20 Leases (cont'd)****As a lessee (cont'd)****(b) Lease liabilities (cont'd)**

In calculating the present value of lease payments, the Group and the Company use its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) a change in the assessment of an option to purchase the underlying asset.

(c) Short-term leases and leases of low-value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for the short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group and the Company recognise lease payments associated with these leases as an expense over the lease term.

(d) Extension options

The Group and the Company, in applying their judgement, determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that creates an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

As a lessor

Leases in which the Group and the Company do not transfer substantially all the risks and rewards incidental to ownership of an assets are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.21 Income taxes (cont'd)****(b) Deferred tax (cont'd)**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Sales and Service Tax ("SST")

SST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable as SST is not recoverable.

Whereas, revenue is recognised net of the amount of SST billed as it is payable to the taxation authority. SST payable to the taxation authority is included as part of payables in the statements of financial position.

2.22 Segment reporting

For management purposes, the Group and the Company are organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 37, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability; or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group and the Company determine whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.26 Revenue from contracts with customers**

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and services tax or sales and services tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

The Group and the Company recognise revenue from contracts with customers for the provision of services and sale of goods based on the five-step model as set out below:

(a) Identify contract with a customer

A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(b) Identify performance obligations in the contract

A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

(c) Determine the transaction price

The transaction price is the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

If the consideration in a contract includes a variable amount, the Group and the Company estimate the amount of consideration to which it will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

(d) Allocate the transaction price to the performance obligation in the contract

For a contract that has more than one performance obligation, the Group and the Company allocate the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Group and the Company expect to be entitled in exchange for satisfying each performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Revenue from contracts with customers (cont'd)

(e) Recognise revenue when (or as) the Group and the Company satisfies a performance obligation

The Group and the Company satisfy a performance obligation and recognise revenue over time if the Group's and the Company's performance:

- (i) Do not create an asset with an alternative use to the Group and the Company and has an enforceable right to payment for performance obligation completed to-date; or
- (ii) Create or enhance an asset that the customer controls as the asset is created or enhanced; or
- (iii) Provide benefits that the customer simultaneously receives and consumes as the Group and the Company perform.

For performance obligations where any one of the above conditions are met, revenue is recognised over time at which the performance obligation is satisfied.

For performance obligations that the Group and the Company satisfy over time, the Group and the Company determined that the input method is the best method in measuring progress of the services because there is direct relationship between the Group's and the Company's effort and the transfer of service to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 3.1(a) and Note 3.2(c).

The following describes the performance obligation in contracts with customers:

(a) System application and development and engineering works

The Group and the Company involve in the system application and development and engineering works, in which the Group and the Company consider whether there are promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated. For contracts relating to system application development, the Group and the Company are responsible for the overall management of the project and identifies various goods and services to be provided, including project management, procurement of hardware and software, system design, system deployment and testing, system installation and integration. In such contracts, the Group and the Company determined that the goods and services are not distinct and generally accounts for them as a single performance obligation. Depending on the terms of each contract, the Group and the Company determined whether control is transferred at a point in time or over time.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**2.26 Revenue from contracts with customers (cont'd)****(b) Rendering of services**

The Group and the Company provides maintenance services, software support and license fee and disaster recovery and facility management services. These services represent a series of daily services that are individually satisfied over time because the customers simultaneously receive and consume the benefits provided by the Group and the Company. The Group and the Company apply the time elapsed method to measure progress.

(c) Mobile value-added services and mailing and document processing services

The Group and the Company provide mobile value-added services and mailing and document processing services, in which the performance obligation is satisfied upon completion of services and acceptance by the customer.

(d) Contract costs

The Group and the Company incur costs to fulfil a contract with a customer. The Group capitalises the incremental costs of obtaining a contract that meet criteria in MFRS 15. Costs incurred by the Group and the Company to fulfil a contract prior to the commencement of its performance (e.g., tendering costs) are mostly general and administrative expenses that are expensed as incurred.

Any capitalised contract costs assets is amortised on a systematic basis that is consistent with the Group's and the Company's transfer of the related goods or services to the customer. Capitalised contract costs are subject to an impairment assessment at the end of each reporting period. Impairment losses are recognised in profit or loss.

(e) Contract balances***Contract assets***

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group and the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Group's and the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in Note 2.12.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group and the Company have received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group and the Company transfer goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group and the Company perform under the contract.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Revenue from contracts with customers (cont'd)

(f) Warranty obligations

The Group and the Company provide warranty beyond fixing defects that existed at the time of sale as requested by the customers. These service-type warranties are sold either separately or bundled together with the sale of system application and development. Contracts for bundled system application and development and a service-type warranty comprise two performance obligations because the promises to transfer the system and to provide the service-type warranty are capable of being distinct. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability. Revenue is recognised over the period in which the service-type warranty is provided based on the time elapsed.

2.27 Related parties

A party is related to an entity if:

- (i) directly or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the entity (this includes parent, subsidiaries and fellow subsidiaries)
 - has an interest in the entity that gives it significant influence over the entity; or
 - has joint control over the entity.
- (ii) directly the party is an associate of the entity;
- (iii) the party is a joint venture in which the entity is venture;
- (iv) the party is a member of the key management personnel of the entity or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the entity, or of any entity that is related party of the entity.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)**3.1 Judgements made in applying accounting policies**

In the process of applying the Group's and the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) Revenue from contracts with customers

The Group and the Company apply the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

Identifying performance obligations

For contracts relating to system application development, the Group and the Company are responsible for the overall management of the project and identifies various goods and services to be provided, including project management, procurement of hardware and software, system design, system deployment and testing, system installation and integration. In such contracts, the Group and the Company determined that the goods and services are not distinct and generally accounts for them as a single performance obligation.

Determining the timing of satisfaction of performance obligation

For system application and development revenue and engineering works, the Group and the Company are required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. In making the assessment, the Group and the Company considered the terms of the contracts entered into with customers.

For contracts that meet the over time recognition criteria, the Group and the Company determined that the input method is the best method in measuring progress of the development because there is direct relationship between the Group's and the Company's effort (i.e., resources consumed, labour hours expended and costs incurred) and the transfer control of goods and services to the customer.

Consideration of significant financing component in a contract

For contracts involving the system application and development revenue and engineering works recognised over time, customers generally make progress payments as work goes on. Generally, the Group and the Company concluded that there is no significant financing component for those contracts as the length of time between when the customers pays for the asset and when the Group and the Company transfer the asset to the customer will be one year or less.

Determining method to estimate variable consideration and assessing the constraint

The contracts for the system application and development revenue and engineering works include delay penalties that give rise to variable consideration. Development monitoring is a constant and ongoing process that can identify potentially serious delays in a project. In estimating the variable consideration, the Group and the Company are required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill, investments in subsidiaries and software development expenditure

Goodwill is tested for impairment annually and at other times when such indicators exist. The Company also assesses at each reporting date whether there is any objective evidence that its investments in subsidiaries and software development expenditure require an impairment. This requires an estimation of the recoverable amount based on value in use or fair value less costs of disposal of the cash-generating units to which the goodwill is allocated.

When value in use calculation is undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate and long term growth rate in order to calculate the present value of those cash flows.

The carrying value of goodwill, the key assumptions applied in the impairment assessment of goodwill, software development expenditure and sensitivity analysis to changes in the assumptions are further explained in Note 14, while the carrying amount of investments in subsidiaries is disclosed in Note 15.

(b) Provision for expected credit losses of trade receivables, other receivables and contract assets

The Group and the Company use a provision matrix to calculate ECLs for trade receivables, other receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by customer type).

The provision matrix is initially based on the Group and the Company historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's and the Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's and the Company's contract assets and trade receivables are disclosed in Note 19 and Note 22.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)**3.2 Key sources of estimation uncertainty (cont'd)****(c) Measurement of progress when revenue is recognised over time**

For those contracts involving the system application and development revenue and engineering works that meet the over time criteria of revenue recognition, the Group's and the Company performance is measured using an input method, by reference to the inputs towards satisfying the performance obligation relative to the total expected inputs to satisfy the performance obligation. The Group and the Company generally uses the costs incurred method as a measure of progress for its contracts because it best depicts the Group's and the Company's performance. Under this method of measuring progress, the extent of progress towards completion is measured based on the ratio of costs incurred to date to the total estimated costs at completion of the performance obligation. When costs are incurred, but do not contribute to the progress in satisfying the performance obligation (such as unexpected amounts of wasted materials, labour or other resources), the Group and the Company exclude the effect of those costs. Also, the Group and the Company adjust the input method for any cost incurred that are not proportionate to the Group's and the Company's progress in satisfying the performance obligation.

The carrying amounts of contract assets and liabilities of the Group and the Company are disclosed in Note 19.

(d) Useful lives of property, plant and equipment

The cost of property, plants and equipments are depreciated on a straight-line basis over the property, plant and equipments estimated useful lives. Management estimates the useful lives of these property, plant and equipments (excludes freehold land and building) to be within 3 to 17 years. The carrying amount of the Group's property, plant and equipments at 31 December 2022 was RM49,744,000 (2021: RM52,935,000) as disclosed in Note 12 to the financial statements.

(e) Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unabsorbed capital allowances and unutilised tax losses to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences, capital allowances and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. When an entity has a history of recent losses, the entity recognises a deferred tax asset arising from unused tax losses or tax credits only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilised by the entity.

Deferred tax assets not recognised on unused tax losses, capital allowances and other deductible temporary differences of the Group and of the Company at 31 December 2022 was RM198,415,000 (2021: RM196,969,000) and RM173,974,000 (2021: 174,803,000) respectively as disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. REVENUE

Set out below is the disaggregation of the Group's and the Company's revenue from contracts with customers. For more details on Segments, please refer to Note 37.

Group

31 December 2022

Segments	Core 1 RM'000	Core 2 RM'000	Core 3 RM'000	Total RM'000
Type of goods or services				
Malaysian Communications and Multimedia Commission (MCMC) Licensable Activities				
Network related services	13,659	-	39,012	52,671
System application and development	30,550	1,229	27,963	59,742
Maintenance charges	52,458	2,441	41,770	96,669
Disaster recovery and facility management services	1,091	-	19,006	20,097
Managed security services	20,764	-	10,807	31,571
Engineering works	-	1,629	-	1,629
Mailing and document processing services	-	1,994	-	1,994
Database management services	-	19,799	-	19,799
Software support and licence fees	653	-	-	653
Others	1,470	4,456	3,102	9,028
	106,986	31,548	102,648	241,182
Total revenue from contracts with customers	120,645	31,548	141,660	293,853
Geographical markets				
Malaysia	120,645	30,837	141,660	293,142
Australia	-	106	-	106
Indonesia	-	605	-	605
Total revenue from contracts with customers	120,645	31,548	141,660	293,853
Timing of revenue recognition				
Goods transferred at a point in time	1,470	26,249	3,102	30,821
Services transferred over time	119,175	5,299	138,558	263,032
Total revenue from contracts with customers	120,645	31,548	141,660	293,853

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. REVENUE (CONT'D)

Set out below is the disaggregation of the Group's and the Company's revenue from contracts with customers. For more details on Segments, please refer to Note 37. (cont'd)

Group (cont'd)
31 December 2021

Segments	Core 1 RM'000	Core 2 RM'000	Core 3 RM'000	Total RM'000
Type of goods or services				
Malaysian Communications and Multimedia Commission (MCMC) Licensable Activities				
Network related services	33,929	-	20,330	54,259
System application and development	55,071	760	7,186	63,017
Maintenance charges	48,722	832	29,799	79,353
Disaster recovery and facility management services	11,926	-	11,931	23,857
Managed security services	15,002	-	5,076	20,078
Engineering works	-	1,581	-	1,581
Mailing and document processing services	-	1,680	-	1,680
Database management services	-	18,009	-	18,009
Software support and licence fees	653	-	-	653
Others	2,573	2,939	1,503	7,015
	133,947	25,801	55,495	215,243
Total revenue from contracts with customers	167,876	25,801	75,825	269,502
Geographical markets				
Malaysia	167,876	25,090	75,825	268,791
Australia	-	106	-	106
Indonesia	-	605	-	605
Total revenue from contracts with customers	167,876	25,801	75,825	269,502
Timing of revenue recognition				
Goods transferred at a point in time	2,573	22,628	1,503	26,704
Services transferred over time	165,303	3,173	74,322	242,798
Total revenue from contracts with customers	167,876	25,801	75,825	269,502

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

4. REVENUE (CONT'D)

Set out below is the disaggregation of the Company's revenue from contracts with customers.

	2022 RM'000	2021 RM'000
Company		
Type of goods or services		
Malaysian Communications and Multimedia Commission (MCMC) Licensable Activities		
Network related services	52,671	54,259
System application and development	59,113	62,357
Maintenance charges	95,256	79,328
Disaster recovery and facility management services	20,097	23,857
Managed security services	31,571	20,078
Others	5,991	5,469
	212,028	191,089
Total revenue from contracts with customers	264,699	245,348
Timing of revenue recognition		
Goods transferred at a point in time	5,991	5,469
Services transferred over time	258,708	239,879
Total revenue from contracts with customers	264,699	245,348

Revenue pertaining to the MCMC Licensable Activities refers to those attributable revenue prescribed under the Communication and Multimedia Act (CMA) 1998 Framework. Under the CMA, the provision of network related services and internet data centre services are licensed as Network Services Provider Individual License (NSP (I)) and Application Service Provider Class License (ASP (c)) respectively.

NOTES TO THE FINANCIAL STATEMENTS

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5. OTHER INCOME

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Hibah income from fixed deposits with license banks	616	578	539	484
Gain on disposal of property, plant and equipment	238	-	20	-
Gain on disposal of a subsidiary and an associate	-	3,085	-	3,009
Rental income	-	106	76	72
Reversal of impairment loss on trade and other receivables	172	578	46	2,822
Reversal of impairment loss of associate	-	6,088	-	6,088
Reversal of impairment loss of other investment	-	809	-	809
Realised gain on foreign exchange	1	-	-	-
Others	2,405	7,687	623	2,069
	3,432	18,931	1,304	15,353

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Wages and salaries	70,743	73,602	59,218	62,471
Defined contributions plans and social security contributions	9,691	9,614	8,284	8,309
Other benefits	6,154	5,271	5,512	4,854
	86,588	88,487	73,014	75,634

NOTES TO THE FINANCIAL STATEMENTS

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7. DIRECTORS' REMUNERATION

The details of remuneration received or receivable by directors of the Group and the Company during the financial year are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Executive directors' remuneration:				
Salaries and other emoluments	1,278	1,240	1,278	1,240
Benefits-in-kind	92	53	92	53
Total executive directors' remuneration	1,370	1,293	1,370	1,293
Non-executive directors' remuneration:				
Fees	474	505	240	210
Other emoluments	470	320	470	320
Total non-executive directors' remuneration	944	825	710	530
Total directors' remuneration (Note 9 and 33(a))	2,314	2,118	2,080	1,823

8. FINANCE COSTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit expense on:				
Term loans	84	44	-	-
Revolving credits	1,304	745	1,304	745
Project financing	416	428	416	428
Obligations under finance leases	108	266	108	249
Obligations under right-of-use (Note 13)	711	940	665	846
Bank overdrafts	1,175	1,260	1,175	1,260
Due to a director of a subsidiary	-	26	-	-
Others	108	-	-	-
	3,906	3,709	3,668	3,528



NOTES TO THE FINANCIAL STATEMENTS

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9. LOSS BEFORE TAX

The following items have been included in arriving at loss before tax:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Amortisation of intangible assets (Note 14)	1,032	1,044	543	543
Auditors' remuneration				
- Statutory audit	448	487	269	236
- Other services	10	10	10	10
Directors' remuneration (Note 7)	2,314	2,118	2,080	1,823
Operating lease:				
- Office premises	-	-	270	270
Gain on disposal of a subsidiary and an associate	-	(3,085)	-	(3,009)
Loss on disposal of investment in				
- Associate	-	4,300	-	4,300
- Other investment	-	659	-	659
Impairment loss on:				
- Trade receivables (Note 22(a))	438	1,423	435	1,353
- Other receivables (Note 22(c))	7	-	7	1,956
- Investments in subsidiaries	-	-	-	3,879
Reversal of impairment loss on:				
- Trade receivables (Note 22(a))	(172)	(317)	(46)	(94)
- Other receivables (Note 22(c))	-	(261)	-	(2,728)
- Property, plant and equipment	-	(99)	-	-
Depreciation of property, plant and equipment (Note 12)	9,140	10,646	8,210	9,460
Depreciation of right-of-use assets (Note 13)	2,923	2,900	2,672	2,568
Written off on:				
- Property, plant and equipment (Note 12)	-	131	-	-

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10. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the financial years ended 31 December 2022 and 2021 are:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Statements of comprehensive income:				
Current income tax:				
Malaysian income tax	811	349	129	155
(Overprovision)/underprovision in prior years:				
Malaysian income tax	(128)	1	(128)	(27)
	683	350	1	128
Deferred tax (Note 20):				
Relating to origination and reversal of temporary differences	(8)	-	-	-
Under/(overprovision) in prior years	42	(97)	-	-
	34	(97)	-	-
Income tax expense recognised in statement of comprehensive income	717	253	1	128



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

10. INCOME TAX EXPENSE (CONT'D)

Reconciliations between tax expense and accounting profit

The reconciliations between tax expense and the accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2022 and 2021 are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loss before tax	(9,322)	(16,128)	(7,576)	(19,048)
Taxation at Malaysian statutory tax rate of 24% (2021: 24%)	(2,237)	(3,871)	(1,818)	(4,572)
Effect of difference in tax rates	(6)	(11)	-	-
Effect of income not subject to tax	(290)	(1,530)	(5)	(758)
Effect of expenses not deductible for tax purposes	2,957	5,626	2,151	5,238
Utilisation of unabsorbed capital allowances	(548)	909	(540)	909
Deferred tax assets not recognised during the year	895	(807)	349	(662)
Share of results of associates	32	33	-	-
Under/(over) provision of deferred tax in prior years	42	(97)	-	-
(Over)/under provision of income tax in prior years	(128)	1	(128)	(27)
Income tax expense recognised in statement of comprehensive income	717	253	1	128

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021: 24%) of the estimated assessable profit for the year.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

NOTES TO THE FINANCIAL STATEMENTS

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11. LOSS PER SHARE

Basic loss per share are calculated by dividing the loss for the financial year attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

Diluted loss per share is calculated by dividing the loss for the financial year attributable to owners of the parent by the adjusted weighted average number of ordinary shares in issue and issuable during the financial year.

There are no potential dilution effects on ordinary shares of the Group for the current financial year. Accordingly, the diluted profit per share for the current financial year is equal to basic loss per share.

There have been no transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

The following tables reflect the loss and share data used in the computation of basic and diluted loss per share for the financial years ended 31 December:

	Group	
	2022 RM'000	2021 RM'000
Loss attributable to owners of the parent	(9,869)	(15,778)
	Number of shares '000	Number of shares '000
Weighted average number of ordinary shares in issue for basic/diluted loss per share computation	101,225	101,225
	Group	
	2022 RM'000	2021 RM'000
Basic/diluted loss per share (sen per share)	(9.75)	(15.59)

NOTES TO THE FINANCIAL STATEMENTS

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12. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Machinery, office equipment, furniture and fittings RM'000	Computers and network equipment RM'000	Renovation RM'000	Total RM'000
Cost							
At 1 January 2021	11,459	68,336	1,072	23,373	179,298	20,159	303,697
Additions	-	-	-	393	2,410	1,455	4,258
Written off	-	-	-	(1,512)	(16)	-	(1,528)
Exchange differences	-	22	1	1	-	-	24
At 31 December 2021 and 1 January 2022	11,459	68,358	1,073	22,255	181,692	21,614	306,451
Additions	-	56	3	289	3,754	3,277	7,379
Disposals	-	-	(580)	(73)	(2,934)	(13)	(3,600)
Classified as held for sale	-	(2,197)	-	-	-	-	(2,197)
Exchange differences	-	87	6	12	-	-	105
At 31 December 2022	11,459	66,304	502	22,483	182,512	24,878	308,138
Accumulated depreciation							
At 1 January 2021	-	45,272	754	19,754	158,938	19,644	244,362
Charge for the year (Note 9)	-	726	136	720	8,771	293	10,646
Written off	-	-	-	(1,364)	(33)	-	(1,397)
Reversal of impairment (Note 9)	-	-	-	(92)	(7)	-	(99)
Exchange differences	-	7	1	2	(6)	-	4
At 31 December 2021 and 1 January 2021	-	46,005	891	19,020	167,663	19,937	253,516
Charge for the year (Note 9)	-	728	70	681	7,108	553	9,140
Disposals	-	-	(580)	(73)	(2,934)	(13)	(3,600)
Classified as held for sale	-	(705)	-	-	-	-	(705)
Exchange differences	-	27	6	10	-	-	43
At 31 December 2022	-	46,055	387	19,638	171,837	20,477	258,394
Net carrying amount							
At 31 December 2021	11,459	22,353	182	3,235	14,029	1,677	52,935
At 31 December 2022	11,459	20,249	115	2,845	10,675	4,401	49,744

NOTES TO THE FINANCIAL STATEMENTS

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12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Freehold land RM'000	Building RM'000	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Computers and network equipment RM'000	Renovation RM'000	Total RM'000
Cost							
At 1 January 2021	9,895	64,558	813	11,373	175,551	20,540	282,730
Additions	-	-	-	175	2,280	1,455	3,910
At 31 December 2021 and 1 January 2022	9,895	64,558	813	11,548	177,831	21,995	286,640
Additions	-	56	-	105	3,590	3,277	7,028
Disposals	-	-	-	(73)	(2,931)	(13)	(3,017)
At 31 December 2022	9,895	64,614	813	11,580	178,490	25,259	290,651
Accumulated depreciation							
At 1 January 2021	-	44,383	760	9,433	156,536	20,031	231,143
Charge for the year (Note 9)	-	590	51	362	8,164	293	9,460
At 31 December 2021 and 1 January 2022	-	44,973	811	9,795	164,700	20,324	240,603
Charge for the year (Note 9)	-	591	-	339	6,727	553	8,210
Disposals	-	-	-	(73)	(2,930)	(13)	(3,016)
At 31 December 2022	-	45,564	811	10,061	168,497	20,864	245,797
Net carrying amount							
At 31 December 2021	9,895	19,585	2	1,753	13,131	1,671	46,037
At 31 December 2022	9,895	19,050	2	1,519	9,993	4,395	44,854

NOTES TO THE FINANCIAL STATEMENTS

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12. PROPERTY, PLANT AND EQUIPMENT (CONT'D)
Assets held under finance leases

The net carrying amount of property, plant and equipment of the Group held under finance lease were RM Nil (2021: RM216,000).

Assets pledged as security

In addition to assets held under finance leases, the net carrying amounts of property, plant and equipment pledged as securities for loans and borrowings (Note 26) are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Freehold land	9,895	9,895	9,895	9,895
Building	2,223	2,307	-	-
	12,118	12,202	9,895	9,895

13. RIGHT-OF-USE ASSETS

The Group and the Company have lease contracts for buildings, computers and network equipment with contract terms of 3 to 4 years and the lease contracts do not contain variable lease payments.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 January	7,605	11,243	7,133	9,841
Additions	2,449	3	2,449	-
Modifications	-	(741)	-	(140)
Depreciation (Note 9)	(2,923)	(2,900)	(2,672)	(2,568)
As at 31 December	7,131	7,605	6,910	7,133

NOTES TO THE FINANCIAL STATEMENTS

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13. RIGHT-OF-USE ASSETS (CONT'D)

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
As at 1 January	8,780	12,427	8,244	10,797
Additions	2,449	2	2,449	2
Accretion of interest (Note 8)	711	940	665	846
Modifications	-	(919)	-	(144)
Payments	(3,845)	(3,670)	(3,536)	(3,257)
As at 31 December	8,095	8,780	7,822	8,244
Current	3,876	2,987	3,601	2,723
Non-current	4,219	5,793	4,221	5,521

The maturity analysis of lease liabilities are disclosed in Note 27.

The following are the amounts recognised in profit or loss:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Depreciation expense of right- of-use assets	2,923	2,900	2,672	2,568
Interest expense on lease liabilities	711	940	665	846
Total amount recognised in statement of comprehensive income	3,634	3,840	3,337	3,414

The Group and the Company have several lease contracts that include extension option. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and the Company's business needs. Management exercises judgement in determining whether these extension option are reasonably certain to be exercised.

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14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Secured contract RM'000	Software development costs RM'000	Total RM'000
Cost				
At 1 January 2021	21,101	1,153	10,428	32,682
Addition	-	-	1,663	1,663
Written off	-	-	(1,054)	(1,054)
At 31 December 2021 and 1 January 2022	21,101	1,153	11,037	33,291
Addition	-	-	4,352	4,352
Reclassification to contract cost asset	-	-	(251)	(251)
At 31 December 2022	21,101	1,153	15,138	37,392
Accumulated amortisation				
At 1 January 2021	16,518	1,153	4,410	22,081
Amortisation (Note 9)	-	-	1,044	1,044
Written off	-	-	(1,054)	(1,054)
At 31 December 2021 and 1 January 2022	16,518	1,153	4,400	22,071
Amortisation (Note 9)	-	-	1,032	1,032
At 31 December 2022	16,518	1,153	5,432	23,103
Net carrying amount				
At 31 December 2021	4,583	-	6,637	11,220
At 31 December 2022	4,583	-	9,706	14,289

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14. INTANGIBLE ASSETS

Company	Software development costs RM'000
Cost	
At 1 January 2021	5,428
Addition	-
At 31 December 2021 and 1 January 2022	5,428
Addition	2,907
At 31 December 2022	8,335
Accumulated amortisation	
At 1 January 2021	271
Amortisation (Note 9)	543
At 31 December 2021 and 1 January 2022	814
Amortisation (Note 9)	543
At 31 December 2022	1,357
Net carrying amount	
At 31 December 2021	4,614
At 31 December 2022	6,978

Impairment testing of goodwill

Goodwill arising from business combinations has been allocated to one (2021 : one) individual cash-generating units ("CGUs") for impairment testing as follows:

	Group	
	2022 RM'000	2021 RM'000
Mailing and document processing services	4,583	4,583

No impairment charge is recognised in the consolidated statement of comprehensive income.

The recoverable amount of the CGU are based on fair value less costs of disposal for the financial year ended 31 December 2022.

(a) Fair value less costs of disposal

The recoverable amount of the CGU in the mailing and document processing services determined based on fair value less costs of disposal is derived using the market price obtainable in an arm's length transaction, less cost of disposal.

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15. INVESTMENTS IN SUBSIDIARIES

	Company	
	2022 RM'000	2021 RM'000
Unquoted ordinary shares, at cost	56,468	56,318
Less: Accumulated impairment losses	(30,075)	(30,075)
	26,393	26,243

Details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Effective equity interest (%)	
			2022	2021
Held by the Company:				
Motordata Research Consortium Sdn. Bhd.	Malaysia	Development and provision of a centralised parts pricing database for Malaysian insurance industry	60	60
Educational Trend Sdn. Bhd.	Malaysia	Development and marketing of computer aided educational software	100	100
Inter-City MPC (M) Sdn. Bhd.	Malaysia	Provision of mail processing and related services	100	100
Integrated Healthcare Solutions Sdn. Bhd.	Malaysia	Provision of a one-stop customer support service centre and consultancy service desks	100	100
HeiTech i-Solutions Sdn. Bhd.	Malaysia	Computer software development and marketing of software, contract programming services and product systems integration and other computer related services	100	100
HeiTech Next Sdn. Bhd.	Malaysia	Provision of research and development in developing, installing and supporting software for small and medium sized industries	100	100
HeiTech Defence System Sdn. Bhd.	Malaysia	Provision for information and communication technology products and services for the defence industry	100	100

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (cont'd):

Name	Country of incorporation	Principal activities	Effective equity interest (%)	
			2022	2021
Held by the Company (cont'd):				
PSG Data Sdn. Bhd.	Malaysia	Provision for information and communication technology products and services for the health industry	100	100
HeiTech Managed Services Sdn. Bhd.	Malaysia	Provision of consultancy services, network management, local area network design and installation services	100	100
HeiTech Academy Sdn. Bhd.	Malaysia	To provide professional service as consultants, project management and training	100	100
Vante Sdn. Bhd.	Malaysia	Provision of consultancy services, system integration and change management services	100	100
Megacenter System Sdn. Bhd.	Malaysia	Provision of data centre management	100	100
Domainedge Sdn. Bhd.	Malaysia	Operation of generation facilities that produce electricity	65	100
Cinix 1 Pty. Ltd. ^	Australia	Computer software development, sales and support for the motor body industry	100	100
Duta Technic Sdn. Bhd.	Malaysia	Provision of engineering, procurement, construction and commissioning ("EPC") services	51	51
HeiTech Enterprise Technology Services Sdn. Bhd. ^	Malaysia	Information and communication technology, system security	100	100
HeiTech Global Services Sdn. Bhd. ^	Malaysia	Information and communication technology, property investment	100	100
HeiTech Transbiz Sdn. Bhd. ^	Malaysia	General trading	100	100



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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries are as follows (cont'd):

Name	Country of incorporation	Principal activities	Effective equity interest (%)	
			2022	2021
Held by the Company (cont'd):				
PT. Intercity Kerlipan ^	Indonesia	Provision of mail processing and related services	70	70
HeiTech Eco Energy Sdn. Bhd. ^	Malaysia	Provision of engineering, procurement, construction and commissioning ("EPCC") services	100	100
Synergy Grid Sdn. Bhd	Malaysia	Financial technology	100	100
Held through a subsidiary, Inter-City MPC (M) Sdn. Bhd.				
Pro Office Solutions Sdn. Bhd.	Malaysia	Provision of mail processing and its related services.	100	100
Held through a subsidiary, Synergy Grid Sdn. Bhd.				
Tekkis Sdn. Bhd.	Malaysia	Software developer	70	70

^ Audited by firms other than AlJafree Salihin Kuzaimi PLT.

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15. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) Material partly-owned subsidiary

Financial information of the subsidiaries that have material non-controlling interests ("NCI") are provided below:

	2022		2021	
	Motordata Research Consortium Sdn. Bhd. RM'000	Duta Technic Sdn. Bhd. RM'000	Motordata Research Consortium Sdn. Bhd. RM'000	Duta Technic Sdn. Bhd. RM'000
NCI percentage of ownership interest and voting interest	40%	49%	40%	49%
Carrying amount of NCI	2,188	(7,520)	1,614	(7,013)
Profit/(Loss) allocated to NCI	574	(507)	(93)	(350)

The summarised financial information before inter-company eliminations are as follows:

	2022		2021	
	Motordata Research Consortium Sdn. Bhd. RM'000	Duta Technic Sdn. Bhd. RM'000	Motordata Research Consortium Sdn. Bhd. RM'000	Duta Technic Sdn. Bhd. RM'000
Assets and liabilities				
Current assets	7,625	2,921	6,091	3,276
Non-current assets	1,685	1,139	2,268	2
Current liabilities	(1,805)	(13,272)	(2,006)	(12,585)
Non-current liability	(122)	-	(434)	-
Equity	7,383	(9,212)	5,919	(9,307)
Revenue	8,828	1,389	5,622	1,581
Profit/(loss) for the year, representing total comprehensive income	1,434	(1,035)	(232)	(714)
Cashflows from/(used in):				
Operating activities	2,028	(87)	648	(406)
Investing activities	(259)	-	(100)	-
Financing activities	(332)	-	(601)	(29)
Net increase/(decrease) in cash and cash equivalents	1,437	(87)	(53)	(435)

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16. INVESTMENTS IN ASSOCIATES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unquoted shares, at cost	3,184	13,063	1,726	11,372
Disposal of shares	-	(7,216)	-	(7,216)
Reclassified to other investments at cost	-	(2,430)	-	(2,430)
Elimination of share of profit of associates	-	(233)	-	-
Post-acquisition reserves brought forward	(564)	(758)	-	-
Share of results of the associates	(184)	194	-	-
	2,436	2,620	1,726	1,726
Less: Accumulated impairment losses	(1,256)	(1,256)	(1,256)	(1,256)
	1,180	1,364	470	470

Name	Country of incorporation	Principal activities	Effective equity interest (%)	
			2022	2021
Held by the Company:				
PT Desa Tech Nusantara. ^	Indonesia	Provision of cooperative system	49	49
East Coast Multimedia Academy Sdn. Bhd. ^	Malaysia	Provision of multimedia services	40	40
Silvertch Global Ltd. ^	Bermuda	Investment holding	49	49

^ Audited by firms other than AI Jafree Salihin Kuzaimi PLT.

NOTES TO THE FINANCIAL STATEMENTS

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16. INVESTMENTS IN ASSOCIATES (CONT'D)

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	2022	2021
	PT Desa Tech Nusantara RM'000	PT Desa Tech Nusantara RM'000
Assets and liabilities		
Current assets	262	350
Non-current assets	235	13
Current liabilities	(25)	-
Non-current liabilities	(481)	-
Equity	(9)	363
Group's carrying amount of the investment	39	223
Revenue	34	1
Other income	2	4
Administrative expenses	(411)	(290)
Finance costs	(1)	(3)
Loss before tax	(376)	(288)
Income tax expense	-	-
Loss for the year, representing total comprehensive loss for the year	(376)	(288)
Group's share of loss for the year	(184)	(141)



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17. INVESTMENT IN JOINT VENTURE

	Group and Company	
	2022 RM'000	2021 RM'000
Unquoted share, at cost	350	350

The Group and the Company invested RM350,000 in 51% equity interest in a jointly-controlled entity, Uji Bestari Sdn. Bhd., through a subsidiary, HeiTech Next Sdn. Bhd. This joint venture is incorporated in Malaysia and is in the business of the provision of e-testing services for motor vehicle licenses

The aggregate amounts of each of the current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group's and the Company's interest in the jointly-controlled entity are as follows:

	Group and Company	
	2022 RM'000	2021 RM'000
Assets and liabilities:		
Total assets	483	539
Total liabilities	(3)	(3)
Income and expenses:		
Income	-	-
Expenses	(56)	(6)

18. OTHER INVESTMENTS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Redeemable convertible preference shares in subsidiaries	-	-	360	360
Unquoted equity instruments	3,080	3,080	2,110	2,110
	3,080	3,080	2,470	2,470

NOTES TO THE FINANCIAL STATEMENTS

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19. CONTRACT BALANCES

Information about contract assets and contract liabilities from contracts with customers are disclosed as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Contract assets	55,006	32,731	53,408	32,709
Contract liabilities	(5,868)	(9,341)	(5,230)	(8,900)

Contract assets primarily relate to the Group's and the Company's right to consideration for work completed but not yet billed at reporting date. Contract assets are transferred to receivables when the rights become unconditional.

Contract liabilities primarily relate to the Group's and the Company's obligation to transfer goods or services to customers for which the Group and the Company have received advances from customers. Contract liabilities are recognised as revenue as the Group and the Company perform its obligation under the contract.

(i) Significant changes in contract assets are explained as follows:

	2022	
	Group RM'000	Company RM'000
Contract asset reclassified to receivables	32,731	32,709

(ii) Significant change in contract liabilities is explained as follows:

	2022	
	Group RM'000	Company RM'000
Revenue recognised that was included in the contract liability balance at the beginning of the year	9,341	8,900



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19. CONTRACT BALANCES

The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2022 are, as follows:

	2022	
	Group RM'000	Company RM'000
Within one year	78,104	78,104
More than one year	113,765	113,765
	191,869	191,869

The remaining performance obligations expected to be recognised in more than one year relate to maintenance revenue. All the other remaining performance obligations are expected to be recognised within one year.

Set out below is the movement in the allowance for expected credit losses of contract assets:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	13,186	-	13,186	-
Provision for expected credit losses	-	13,186	-	13,186
At 31 December	13,186	13,186	13,186	13,186

NOTES TO THE FINANCIAL STATEMENTS

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20. DEFERRED TAXATION

The components and movements of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax assets/(liabilities) of the Group:

	Unutilised tax losses RM'000	Unabsorbed capital allowances RM'000	Capital allowance and depreciation differences RM'000	Other deductible temporary differences RM'000	Total RM'000
At 1 January 2021	1,034	2,498	(3,688)	17	(138)
Recognised in profit or loss (Note 10)	-	-	97	-	97
At 31 December 2021 and 1 January 2022	1,034	2,498	(3,591)	17	(41)
Recognised in profit or loss (Note 10)	-	-	(34)	-	(34)
At 31 December 2022	1,034	2,498	(3,625)	17	(75)

Deferred tax (assets)/liabilities of the Company:

At 1 January 2021	987	2,498	(3,485)	-	-
Recognised in profit or loss (Note 10)	-	-	-	-	-
At 31 December 2021 and 1 January 2022	987	2,498	(3,485)	-	-
Recognised in profit or loss (Note 10)	-	-	-	-	-
At 31 December 2022	987	2,498	(3,485)	-	-

NOTES TO THE FINANCIAL STATEMENTS

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20. DEFERRED TAXATION (CONT'D)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Presented after appropriate offsetting as follows:				
Deferred tax liabilities	(427)	(393)	-	-
Deferred tax assets	352	352	-	-
	(75)	(41)	-	-

Deferred tax assets of the Group and of the Company have not been recognised in respect of the following items:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Unabsorbed capital allowances	33,671	35,954	30,472	32,755
Unutilised tax losses	29,441	29,441	13,490	13,490
Other temporary differences	135,303	131,574	130,012	128,558
	198,415	196,969	173,974	174,803

At the reporting date, the Group and the Company have unabsorbed capital allowances, unutilised tax losses and other deductible temporary differences that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The availability of unused tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to a 7-year limitation on the carry forward of those losses under the Finance Bill 2018 and guidelines issued by the tax authority.

21. INVENTORIES

	Group	
	2022 RM'000	2021 RM'000
Cost		
Consumables	235	294

During the financial year, the amounts of inventories recognised as expense in bulk mailing processing charges of the Group were RM2,414,000 (2021: RM2,679,000).

NOTES TO THE FINANCIAL STATEMENTS

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22. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade receivables				
Third parties	51,081	63,028	42,508	53,559
Amounts due from subsidiaries	-	-	34,744	31,916
	51,081	63,028	77,252	85,475
Less: Allowance for expected credit losses				
- Third parties	(24,058)	(23,792)	(22,535)	(22,146)
- Amounts due from subsidiaries	-	-	(21,131)	(21,131)
	27,023	39,236	33,586	42,198
Other receivables				
Amounts due from subsidiaries	-	-	22,050	20,698
Deposits	1,538	1,394	1,066	1,050
Sundry receivables	26,084	24,538	25,511	23,635
	27,622	25,932	48,627	45,383
Less: Allowance for expected credit losses				
- Sundry receivables	(22,971)	(22,964)	(22,515)	(22,508)
- Amounts due from subsidiaries	-	-	(19,869)	(19,869)
	4,651	2,968	6,243	3,006
Total trade and other receivables	31,674	42,204	39,829	45,204

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 60 days (2021: 30 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition. On initial recognition, the Group and the Company recognised them at their original invoiced amount, which is their fair values. The Group and the Company hold trade receivables to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest.

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22. TRADE AND OTHER RECEIVABLES
(a) Trade receivables (cont'd)

Set out below is the movement in the allowance for expected credit losses of trade receivables (including amounts due from subsidiaries - trade):

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	23,792	22,686	43,277	42,018
Provision for expected credit losses (Note 9)	438	1,423	435	1,353
Reversal of impairment loss (Note 9)	(172)	(317)	(46)	(94)
At 31 December	24,058	23,792	43,666	43,277

(b) Amounts due from subsidiaries

Amounts due from subsidiaries are non-interest bearing, unsecured and are repayable on demand.

(c) Sundry receivables

Set out below is the movement in the allowance for expected credit losses of sundry receivables (including amounts due from subsidiaries - non-trade):

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January	22,964	23,225	42,377	43,149
Provision for expected credit losses (Note 9)	7	-	7	1,956
Reversal of impairment loss (Note 9)	-	(261)	-	(2,728)
At 31 December	22,971	22,964	42,384	42,377

NOTES TO THE FINANCIAL STATEMENTS

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23. CONTRACT COSTS ASSETS

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Capitalised fulfilment costs				
At 1 January	83,404	98,577	83,404	98,003
Capitalised during the year	78,686	55,679	78,409	55,679
Reclassification from intangible asset	251	-	-	-
	162,341	154,256	161,813	153,682
Recognised in profit or loss	(74,796)	(70,852)	(74,796)	(70,278)
At 31 December	87,545	83,404	87,017	83,404
Non-current	33,883	33,557	33,632	33,557
Current	53,662	49,847	53,385	49,847
Total contract cost assets	87,545	83,404	87,017	83,404

24. CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash at banks and on hand	21,226	17,651	16,853	14,438
Deposits with licensed banks	19,379	43,641	14,865	38,775
Cash and bank balances	40,605	61,292	31,718	53,213

Deposits with licensed banks of the Group and of the Company amounting to RM19,379,000 (2021: RM43,641,000) and RM14,865,000 (2021: RM38,775,000) respectively are pledged as securities for loans and borrowings (Note 26).

Deposits with licensed banks earn profit at the respective deposit rates. The weighted average effective profit rate as at 31 December 2022 for the Group and for the Company was 1.76% (2021: 1.64%) per annum. The average days to maturity period as at 31 December 2022 for the Group and for the Company were 29 days (2021: 36 days).

For the purpose of the statements of cash flows, cash and cash equivalents comprise the following at the reporting date:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Cash and bank balances	40,605	61,292	31,718	53,213
Less: Bank overdrafts (Note 26)	(16,913)	(18,257)	(15,912)	(17,304)
	23,692	43,035	15,806	35,909
Deposits pledged as securities for bank borrowings	(19,379)	(43,641)	(14,865)	(38,775)
Cash and cash equivalents	4,313	(606)	941	(2,866)

NOTES TO THE FINANCIAL STATEMENTS

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25. ASSET HELD FOR SALE

	Group	
	2022 RM'000	2021 RM'000
As at 1 January	-	-
Transfer from property, plant and equipment (Note 12)	1,492	-
As at 31 December	1,492	-

The carrying amount of the asset is the same as its carrying value before it was reclassified as held for sale.

A subsidiary in Indonesia is actively seeking a buyer for a building. The sale is expected to be completed in 2023.

26. LOANS AND BORROWINGS

	Maturity	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current					
Secured:					
Term loan	2023	-	554	-	-
Bank overdrafts	On demand	16,913	18,257	15,912	17,304
Revolving credits	2023	37,054	28,725	37,054	28,725
Contract financing	2023	43,157	39,451	43,157	39,450
Obligations under finance leases (Note 31(b))	2022	-	32	-	-
		97,124	87,019	96,123	85,479
Non-current					
Secured:					
Term loan	2023 - 2026	2,199	2,192	-	-
Contract financing	2023 - 2025	14,327	22,294	14,327	22,294
		16,526	24,486	14,327	22,294
Total loans and borrowings		113,650	111,505	110,450	107,773

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. LOANS AND BORROWINGS (CONT'D)

The remaining maturities of loans and borrowings as at 31 December are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Maturity of loans and borrowings:				
Within one year	97,122	87,019	96,120	85,479
More than 1 year and less than 2 years	9,622	8,666	8,442	8,040
More than 2 years and less than 5 years	6,906	15,820	5,888	14,254
	113,650	111,505	110,450	107,773

Term loan

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Term loan	2,199	2,746	-	-
	2,199	2,746	-	-

Term loan is secured by the following:

- First legal charge over a building of the subsidiary as disclosed in Note 12;
- Joint and several guarantee by certain directors.

The weighted average effective interest rate of term loan of the Group was 3.4% (2021: 3.4%) per annum. The repayment of the Group's term loan is due from 2023 to 2026.

Bank overdrafts

Bank overdrafts are secured by negative pledge on all present and future unencumbered assets of the Company. The weighted average effective interest rate of bank overdrafts was 6.29% (2021: 6.29% per annum).

Revolving credits

Revolving credits are secured by deposits with licensed banks, negative pledge on all present and future unencumbered assets of the Company. The weighted average effective interest rate of revolving credits was 4.34% (2021: 4.34%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

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26. LOANS AND BORROWINGS (CONT'D)

A reconciliation of liabilities arising from the Group's financing activities excluding bank overdrafts is as follows:

Group	1 January 2022 RM'000	Cash changes		Non-cash changes		31 December 2022 RM'000
		Cash flows RM'000	Profit paid RM'000	Accretion of profit RM'000	Others* RM'000	
Term loan						
- non-current	2,192	-	-	-	7	2,199
- current	554	(547)	(84)	84	(7)	-
Revolving credits	28,725	8,329	(1,304)	1,304	-	37,054
Contract financing						
- non-current	22,294	-	-	-	(7,967)	14,327
- current	39,451	(4,261)	(416)	416	7,967	43,157
Obligations under finance leases						
- current	32	(32)	-	-	-	-
Total	93,248	3,489	(1,804)	1,804	-	96,737

Group	1 January 2021 RM'000	Cash changes		Non-cash changes		31 December 2021 RM'000
		Cash flows RM'000	Profit paid RM'000	Accretion of profit RM'000	Others* RM'000	
Term loan						
- non-current	2,382	-	-	-	(190)	2,192
- current	922	(557)	(44)	44	189	554
Revolving credits	29,182	(457)	(870)	870	-	28,725
Contract financing						
- non-current	-	-	-	-	22,294	22,294
- current	85,546	(23,802)	(428)	428	(22,293)	39,451
Obligations under finance leases						
- current	436	(404)	(266)	266	-	32
Total	118,468	(25,220)	(1,608)	1,608	-	93,248

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

26. LOANS AND BORROWINGS (CONT'D)

A reconciliation of liabilities arising from the Company's financing activities excluding bank overdrafts is as follows:

Company	1	Cash changes		Non-cash changes		31
	January 2022 RM'000	Cash flows RM'000	Profit paid RM'000	Accretion of profit RM'000	Others*	December 2022 RM'000
Revolving credits	28,725	8,329	(1,304)	1,304	-	37,054
Project financing						
- non-current	22,294	-	-	-	(7,967)	14,327
- current	39,450	(4,260)	(416)	416	7,967	43,157
Total	90,469	4,069	(1,720)	1,720	-	94,538

Company	1	Cash changes		Non-cash changes		31
	January 2021 RM'000	Cash flows RM'000	Profit paid RM'000	Accretion of profit RM'000	Others*	December 2021 RM'000
Revolving credits	29,182	(457)	(870)	870	-	28,725
Project financing						
- non-current	-	-	-	-	22,294	22,294
- current	85,546	(23,802)	(428)	428	(22,294)	39,450
Obligations under finance leases						
- current	39	(39)	(249)	249	-	-
Total	114,767	(24,298)	(1,547)	1,547	-	90,469

* The 'others' column relates to reclassification of non-current portion of loans and borrowings due to passage of time.

NOTES TO THE FINANCIAL STATEMENTS

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27. LEASE LIABILITIES

	Maturity	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current					
Obligations under right-of-use asset (Note 31(c))	2023	3,876	2,987	3,601	2,723
		3,876	2,987	3,601	2,723
Non-current					
Obligations under right-of-use asset (Note 31(c))	2024 - 2027	4,219	5,793	4,221	5,521
		4,219	5,793	4,221	5,521
Total lease liabilities		8,095	8,780	7,822	8,244

The remaining maturities of lease liabilities as at 31 December are as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Maturity of lease liabilities:				
Within one year	3,876	2,987	3,601	2,723
More than 1 year and less than 2 years	3,333	3,099	3,335	2,817
More than 2 years and less than 5 years	886	2,694	886	2,704
	8,095	8,780	7,822	8,244

NOTES TO THE FINANCIAL STATEMENTS

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28. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Trade payables				
Third parties	45,779	36,868	40,007	31,309
Amounts due to subsidiaries	-	-	33,470	33,126
	45,779	36,868	73,477	64,435
Other payables				
Amount due to directors of a subsidiary	171	1,411	-	-
Amount due to a related party	-	141	-	-
Deposits	60	60	60	60
Accruals	10,547	11,466	9,533	10,447
Sundry payables	15,694	14,988	12,377	12,728
	26,472	28,066	21,970	23,235
Total trade and other payables	72,251	64,934	95,447	87,670

(a) Trade payables

These amounts are non-interest bearing. Trade payables are normally settled on 30 to 90 days (2021: 30 to 90 days) terms.

(b) Amount due to directors of a subsidiary

The amount due to directors of a subsidiary is unsecured and is repayable on demand.

29. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
At 1 January/31 December	101,225	101,225	117,751	117,751

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.



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30. FOREIGN CURRENCY TRANSLATION RESERVE

	Group	
	2022 RM'000	2021 RM'000
At 1 January	(1,239)	(1,422)
Other comprehensive income:		
Foreign currency translation	346	183
At 31 December	(893)	(1,239)

The foreign currency translation reserve represents exchange differences arising from translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

31. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group and Company	
	2022 RM'000	2021 RM'000
Capital expenditure		
Approved and contracted for:		
Property, plant and equipment	2,143	889

NOTES TO THE FINANCIAL STATEMENTS

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31. COMMITMENTS

(b) Finance lease commitments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Minimum lease payments:				
Not later than 1 year	-	32	-	9
Total minimum lease payments	-	32	-	9
Less: Future finance charges	-	(32)	-	(9)
Present value of minimum lease payments	-	-	-	-
Analysis of present value of finance lease liabilities:				
Not later than 1 year	-	32	-	9
	-	32	-	9
Less: Amount due within 12 months	-	(32)	-	(9)
Amount due after 12 months	-	-	-	-

The Group has entered into hire purchase agreements for property, plant and equipment as disclosed in Note 12. The hire purchase payable of the Group and of the Company bore effective interest rate of nil% (2021: 4.07% - 5.12%) per annum and nil% (2021: 4.75%) per annum respectively.

(c) Lease liability commitments

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Minimum lease payments:				
Not later than 1 year	4,401	4,105	4,126	3,692
Later than 1 year but not later than 2 years	3,631	4,002	3,633	3,604
Later than 2 years but not later than 5 years	975	4,034	975	3,888
Total minimum lease payments	9,007	12,141	8,734	11,184
Less: Future finance charges	(912)	(3,361)	(912)	(2,940)
Present value of minimum lease payments	8,095	8,780	7,822	8,244

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31. COMMITMENTS
(c) Lease liability commitments (cont'd)

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Analysis of present value of finance lease liabilities:				
Not later than 1 year	3,876	2,987	3,601	2,723
Later than 1 year but not later than 2 years	3,333	3,099	3,335	2,817
Later than 2 years but not later than 5 years	886	2,694	886	2,704
	8,095	8,780	7,822	8,244
Less: Amount due within 12 months	(3,876)	(2,987)	(3,601)	(2,723)
Amount due after 12 months	4,219	5,793	4,221	5,521

The Group and the Company have entered into rental agreement for building, computers and network equipment as disclosed in Note 13. The lease liability payable of the Group and of the Company bore effective interest rate of 7.60% (2021: 8.07%).

(d) Financial guarantee

	Company	
	2022 RM'000	2021 RM'000
Unsecured:		
Guarantees given to financial institutions for credit facilities granted to subsidiaries	8,000	8,000

No value has been placed on the corporate guarantee provided by the Company as the directors have assessed the guarantee contracts and concluded that the financial impact of the guarantee is not material as the subsidiaries concerned are in positive shareholder funds to meet their obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

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32. CONTINGENT LIABILITY

(a) ESDC Technology Sdn Bhd (“Plaintiff”) vs HeiTech Padu Berhad (“Defendant”)

On 8 October 2018, the Plaintiff is claiming against the Defendant for a purported outstanding payment of RM2,730,000 for services allegedly rendered by the Plaintiff to the customer. The full trial proceeded on the 21 November 2022 and 22 November 2022 respectively.

On 28 March 2023, the Court has dismissed the Plaintiff's claim.

Based on available information and legal advice received, the management is of the view that there is a good chance of defending the above claim and therefore, no provision has been made in the financial statements.

(b) Pertubuhan Keselamatan Sosial (“Plaintiff”) vs HeiTech Padu Berhad (“Defendant”)

On 28 February 2023, the Defendant received a Writ of Summons and Statement of Claim both dated 23 February 2023, filed by the Plaintiff at the High Court. Plaintiff is claiming that the Defendant in breach of the contract for services rendered to the Plaintiff in respect of the “Merekabentuk, Membangun, Membekal, Menghantar, Memasang, Mengintegrasikan, Menguji, Melatih, Deploy, Mentauliah Dan Waranti Bagi Sistem Aplikasi Scheme Management” (“Agreement”).

The reliefs sought by Plaintiff in the action are as follows:

1. The sum of RM8,491,377.12 being payments previously made by the Plaintiff to the Defendant under the Agreement;
2. The sum of RM984,783.33 being the Liquidated Ascertained Damages (“LAD”) imposed under the Agreement;
3. The sum of RM16,887,208.58 being loss of expenses for the existing system until August 2021;
4. Interest on all sums ordered to be paid by the Defendant to the Plaintiff at the rate of 5% per annum calculated from the date of judgment until the date of full settlement;
5. Costs; and
6. Such further relief and/or orders as the Honorable Court deems fit.

During the case management on 27 March 2023, the Court has given a direction for the Company to file and serve the Defence and Counterclaim on or before 10 April 2023. The next case management has been fixed for 10 May 2023.

Based on available information and legal advice received, the Company is of the view that the Company not only has a reasonable case against the Plaintiff, but also has a counterclaim against the Plaintiff for unlawful termination of the Agreement. Therefore, no provision has been made in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

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33. RELATED PARTY DISCLOSURES
(a) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly, including any director of the entity.

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Short-term employee benefits	4,070	3,946	3,836	3,652
Defined contribution plan	163	184	163	184
	4,233	4,130	3,999	3,836

Included in the total key management personnel is:

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Directors' remuneration (Note 7)	2,314	2,118	2,080	1,823

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Group President and management. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, Group's policy, that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For the financial assets (including other investments and cash and bank balances), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group and the Company trade only with recognised and creditworthy third parties. It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's and the Company's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by:

- The carrying amount of each class of financial assets recognised in the statements of financial position.
- Nominal amount of RM8,000,000 (2021: RM8,000,000) relating to corporate guarantees provided by the Company on one (2021: one) subsidiaries' bank loan.

Credit risk concentration

At the reporting date, approximately 73% (2021: 71%) of the Group's and the Company's trade receivables were due from commercial sector agencies in Malaysia.

Trade and other receivables and contract assets

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are provided in full if past due for more than one year and are not subject to enforcement activity. The Group and the Company does not hold collateral as security.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Liquidity risk (cont'd)

The Group's and the Company's liquidity risk management is to maintain sufficient level of cash to meet their working capital requirements. In addition, the Group and the Company strive to maintain available banking facilities at a reasonable level to its overall debt position. As far as possible, the Group and the Company raise funds from shareholders, capital market and financial institutions and balance their portfolio with some short term funding so as to achieve overall cost effectiveness.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the reporting date based on contracted undiscounted repayment obligations:

	On demand or within one year RM'000	One to five years RM'000	Total RM'000
Group			
31 December 2022			
Financial liabilities:			
Trade and other payables	72,251	-	72,251
Loans and borrowings	89,754	25,688	115,442
Total undiscounted financial liabilities	162,005	25,688	187,693
31 December 2021			
Financial liabilities:			
Trade and other payables	64,934	-	64,934
Loans and borrowings	88,328	26,108	114,436
Total undiscounted financial liabilities	153,262	26,108	179,370
Company			
31 December 2022			
Financial liabilities:			
Trade and other payables	95,447	-	95,447
Loans and borrowings	88,122	24,019	112,141
Total undiscounted financial liabilities	183,569	24,019	207,588
31 December 2021			
Financial liabilities:			
Trade and other payables	87,670	-	87,670
Loans and borrowings	86,710	23,749	110,459
Total undiscounted financial liabilities	174,380	23,749	198,129

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings. The Group's and the Company's policy is to manage interest expense using a mix of fixed and floating rate borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's and the Company's loss net of tax would have been RM67,000 (2021: RM66,000) higher/lower and RM63,000 (2021: RM61,000) lower/higher respectively, arising mainly as a result of lower/higher interest rate loans and borrowings, higher/lower interest income from floating rate loans to related parties. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group and the Company operate mainly in Malaysia and transacts predominantly in RM. The Group and the Company have minimal transactional currency exposure arising from sales and purchases that are denominated in a currency other than the respective functional currencies of the Group and the Company entities.

35. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	Group		Company	
		Carrying amount RM'000	Fair value Level 2 RM'000	Carrying amount RM'000	Fair value Level 2 RM'000
2022					
Financial liabilities					
Loans and borrowings (non-current)	26	16,526	21,711	14,327	19,629



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

35. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

A. Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (cont'd)

	Note	Group		Company	
		Carrying amount RM'000	Fair value Level 2 RM'000	Carrying amount RM'000	Fair value Level 2 RM'000
2021					
Financial liabilities					
Loans and borrowings (non-current)					
- Term loan	26	24,486	29,999	22,294	27,292
- Obligations under finance leases	26	32	28	-	-

Non-current loans and borrowings - fixed rate

The fair value of non-current loans and borrowings at fixed rates are categorised as Level 2 in the fair value hierarchy as they are estimated by discounting the expected future cash flows at market incremental lending rate available for similar types of lending, borrowing or leasing arrangements at the reporting date.

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are the classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	22
Loans and borrowings (current)	26
Loans and borrowings - floating rate (non-current)	26
Trade and other payables	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to the relatively short-term nature, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

36. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratios in order to support their business and maximise shareholders' value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2022 and 31 December 2021.

The Group and the Company monitor capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's and the Company's policy is to keep the gearing ratio at reasonable level. The Group and the Company include within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to owners of the parent.

	Note	Group		Company	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Loans and borrowings	26	113,650	111,505	110,450	107,773
Trade and other payables	28	72,251	64,934	95,447	87,670
Less: Cash and bank balances	24	(40,605)	(61,292)	(31,718)	(53,213)
Net debt		145,296	115,147	174,179	142,230
Equity attributable to owners of the parent, representing total capital		87,768	97,291	84,801	92,378
Capital and net debt		233,064	212,438	258,980	234,608
Gearing ratio		62%	54%	67%	61%

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

37. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has three reportable operating segments as follows:

- (i) Information technology
- (ii) Mailing and document processing services
- (iii) Engineering works

However, due to the changes in the business landscape, the Group has revised the way it segmentises the entities by taking into consideration the decision making process and business challenges that are faced by the Group. The Group is reorganised based on business maturity and has three reportable segments as follows:

(i) Core 1

Core 1 business offerings are mainly system integration and application development focusing on business acquisition for largely the Public Sector market namely, Health sector, Internal Security sector, government-linked companies and agencies, and developing smart solutions and smart city specifically for local councils. It also focuses on ancillary products surrounding financial solutions serving all market segments.

(ii) Core 2

Core 2 offerings ranges from various sectors focusing on products other than system integration. It represents various offerings in different sectors by the Group's subsidiaries. The offerings range from engineering works for energy sector, bulk mailing and outsourcing services, automotive/insurance claims platform services, mobile application, cooperative and smart council systems, simulation and training for various customers.

(iii) Core 3

Core 3 carries the offerings for business acquisition mainly for the transport sector, financial services sector and concession business segment.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are at terms agreed between the parties during the financial year.



NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

37. SEGMENT INFORMATION (CONT'D)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

A Other material non-cash items consist of the following items as presented in the respective notes to the financial statements:

	Note	2022 RM'000	2021 RM'000
Impairment loss on trade and other receivables	9	445	1,423
Reversal of impairment loss on trade and other receivables	9	(172)	(578)
Property, plant and equipment written off	9	-	131
		273	976

B The following items are deducted from segment (loss)/profit to arrive at "(loss)/profit before tax" presented in the consolidated statement of comprehensive income:

	2022 RM'000	2021 RM'000
Expenses from inter-segment	(122)	(186)
Share of results of associates	(184)	194
Finance costs	(3,906)	(3,709)
	(4,212)	(3,701)

C Additions to non-current assets consist of:

	2022 RM'000	2021 RM'000
Property, plant and equipment	7,379	4,258
Intangible assets	4,352	1,663
	11,731	5,921

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2022

37. SEGMENT INFORMATION (CONT'D)

Notes Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements

D The following item is deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2022 RM'000	2021 RM'000
Inter-segment assets	(69,614)	(67,939)
Property, plant and equipment	(1,201)	(1,201)
Right-of-use assets	(231)	(304)
	(71,046)	(69,444)

E The following item is deducted from segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2022 RM'000	2021 RM'000
Inter-segment liabilities	(85,124)	(84,427)
Lease liabilities	(244)	(319)
	(85,368)	(83,746)

Geographical information

Revenue and non-current assets information based on the geographical location of the operations of the Group are as follows:

	Revenue		Non-current assets	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
By country:				
Malaysia	293,423	268,791	69,597	70,193
Australia	-	106	-	-
Indonesia	430	605	1,567	1,567
	293,853	269,502	71,164	71,760

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2022
37. SEGMENT INFORMATION (CONT'D)
Geographical information (cont'd)

Non-current assets information presented consist of the following items as presented in the consolidated statement of financial position:

	Revenue	
	2022	2021
	RM'000	RM'000
Property, plant and equipment	49,744	52,935
Right-of-use assets	7,131	7,605
Intangible assets	14,289	11,220
	71,164	71,760

Information about major customers

Revenue from major customers from the public sector represents 82% of total sales of the Group arising from sales by the Core 1 segment

38. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2022 were authorised for issue in accordance with a resolution of the directors on 29 March 2023.

CORPORATE INFORMATION

BOARD OF DIRECTORS

**Tan Sri Dato' Sri Abi Musa
Asa'ari Bin Mohamed Nor**
Chairman/ Non-Independent
Non-Executive

**Dato' Sri Mohd Hilmey Bin
Mohd Taib**
President/ Executive Deputy
Chairman

Sulaiman Hew Bin Abdullah
Independent Non-Executive
Director

**Wan Ainol Zilan Binti Abdul
Rahim**
Independent Non-Executive
Director

**Datuk Mohd Radzif Bin
Mohd Yunus**
Independent Non-Executive
Director

Hamzah Bin Mahmood
Independent Non-Executive
Director

Razalee Bin Amin
Independent Non-Executive
Director

**Nik Mustapha Bin Nik
Mohamed**
Independent Non-Executive
Director

Chong Seep Hon
Independent Non-Executive
Director

AUDIT COMMITTEE

Wan Ainol Zilan Binti Abdul Rahim
Chairman

Hamzah Bin Mahmood
Member

Razalee Bin Amin
Member

RISK MANAGEMENT COMMITTEE

Datuk Mohd Radzif Bin Mohd Yunus
Chairman

Sulaiman Hew Bin Abdullah
Member

Chong Seep Hon
Member

NOMINATION & REMUNERATION COMMITTEE

Sulaiman Hew Bin Abdullah
Chairman

Datuk Mohd Radzif Bin Mohd Yunus
Member

Nik Mustapha Bin Nik Mohamed
Member

INTEGRITY & WHISTLEBLOWING BOARD COMMITTEE

Razalee Bin Amin
Chairman

Nik Mustapha Bin Nik Mohamed
Member

Chong Seep Hon
Member

GROUP COMPANY SECRETARIES

Amir Zahini Bin Sahrin
MAICSA7034464

Zainal Amir Bin Ahmad
LS0010080

EXECUTIVE COUNCIL COMMITTEE

Dato' Sri Mohd Hilmey Bin Mohd Taib
President/Executive Deputy Chairman

Ahmad Nasrul Hakim Bin Mohd Zaini
Group Chief Financial Officer
Executive Vice President

Salmi Nadia Binti Mohd Hilmey
Group Chief Operating Officer
Executive Vice President

Abdul Halim Bin Md Lassim

Chief Executive Officer of Core 1
Executive Vice President

Ahmad Jefri Bin Abdul Rashid

Head of Core 2
Senior Vice President

Abdullah Bin Ahmad

Head of Core 3
Senior Vice President

Ts. Wan Zailani Bin Wan Ismail

Senior Vice President, Technology & Product,
Managed Infrastructure Services (HMS)

Ts. Dr. Nor Hazilawati Binti Awang

Chief Information Officer
Vice President

REGISTERED OFFICE

Level 15, HeiTech Village,
Persiaran Kewajipan, USJ 1,
UEP Subang Jaya,
47600 Subang Jaya,
Selangor Darul Ehsan.
Tel : +603-8026 8888
Fax : +603-8024 7997

INCORPORATED

5 August 1994

WEBSITE ADDRESS

www.heitech.com.my

AUDITOR

Messrs. AlJafree Salihin Kuzaimi PLT

555, Jalan Samudera Utara 1,
Taman Samudra, 68100, Batu Caves,
Selangor Darul Ehsan.

PRINCIPAL BANKERS

- RHB Bank Berhad & RHB Islamic Bank Berhad
- Affin Bank Berhad & Affin Islamic Bank Berhad
- Maybank Islamic Berhad
- AmBank Islamic Berhad
- Bank Pembangunan Malaysia Berhad
- Bank of China (Malaysia) Berhad
- Bank Muamalat Malaysia Berhad
- MBSB Bank Berhad
- Bank Islam Malaysia Berhad
- Public Bank Berhad
- CIMB Bank Berhad

GROUP STRUCTURE

PRINCIPAL SOLICITORS

Messrs. Rajes Hisham Rahim & Gopal

6th Floor, Yee Seng Building,
15, Jalan Raja Chulan,
50200 Kuala Lumpur.

Messrs. Chooi & Company + Cheang & Ariff

39 Court @ Loke Mansion,
Np. 273A, Jalan Medan Tuanku,
50300 Kuala Lumpur.

Messrs. Ming & Partners

A1-13-16, Arcoris,
No. 10, Jalan Kiara, Mont Kiara,
50480 Kuala Lumpur.

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd

Unit 32-01, Level 32, Tower A,
Vertical Business,
Suite Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur
Tel : +603-2783 9299
Fax : +603-2783 9222

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

(Listed since 20 November 2000)
Stock Code : 5028
Stock Name : HTPADU
14th Floor Exchange Square,
Bukit Kewangan,
P.O Box 11023,
50670 Kuala Lumpur.
Tel : +603-2034 7000
Fax : +603-2710 2308

AGM HELPDESK

Zainal Amir Bin Ahmad

Tel : +603-8601 3454
Fax : +603-8024 7997

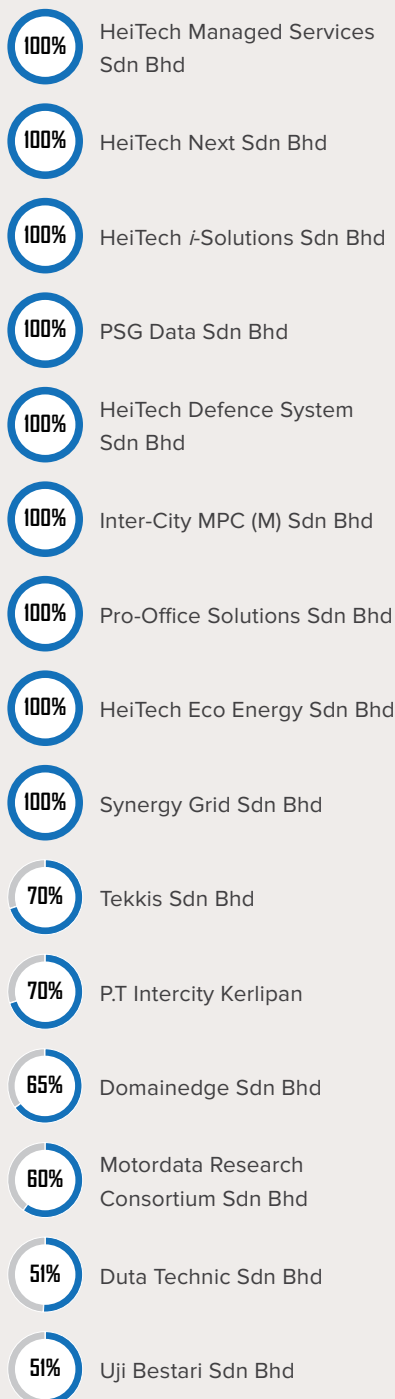
Nur Syahirah Binti Aziz

Tel : +603-8601 3125
Fax : +603-8024 7997

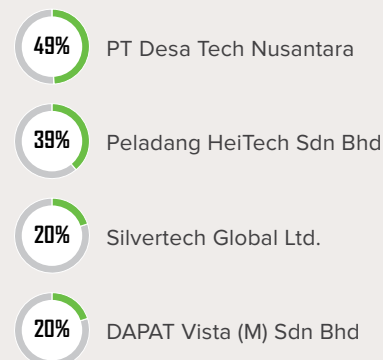
Nur'Atiqah Binti Mohd Bakri

Tel : +603-8601 3129
Fax : +603-8024 7997

GROUP STRUCTURE



ASSOCIATE AND INVESTMENT



Notes:

- The companies reflected above are active operating subsidiaries, associate and investment companies.
- Information is accurate as of 29th March 2023

LIST OF PROPERTIES

AS AT 31 DECEMBER 2022

Location	Land/ Build-up Area	Current Usage	Land/Tenure	Net Book Value as at 31.12.2022	Valuation Amount	Date of Revaluation
No. 1 Jalan U8/81, Seksyen U8, Bukit Jelutong, 40150 Shah Alam, Selangor Darul Ehsan.	211,091 sq. ft.	HeiTech Village 2 Data Center and business premise	Freehold	RM26.43 Million	RM75.4 Million	15 December 2022
Cyberjaya	51,817 sq. ft.	Vacant Land	Freehold	RM2.52 Million	RM7.80 Million	15 December 2022



ANALYSIS OF SHAREHOLDINGS

AS AT 21ST MARCH 2023

DIRECTORS' SHAREHOLDING

No.	Name	No. of Shares		% of Shareholdings	
		Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
1	Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor	-	-	-	-
2	Dato' Sri Mohd Hilmey Bin Mohd Taib	3,866,484	14,342,328	3.820	14.169
3	Datuk Mohd Radzif Bin Mohd Yunus	-	-	-	-
4	Sulaiman Hew Bin Abdullah	-	-	-	-
5	Wan Ainol Zilan Binti Abdul Rahim	-	-	-	-
6	Hamzah Bin Mahmood	-	292,000	-	0.288
7	Razalee Bin Amin	-	-	-	-
8	Nik Mustapha Bin Nik Mohamed	-	-	-	-
9	Chong Seep Hon	-	-	-	-

SUBSTANTIAL SHAREHOLDERS

No.	Name	No. of Shares		% of Shareholdings	
		Direct Interest	Indirect Interest	Direct Interest	Indirect Interest
1	Dato' Sri Mohd Hilmey Bin Mohd Taib	3,866,484	14,342,328	3.820	14.169
2	Padujade Corporation Sdn Bhd	4,336,328	-	14.163	-

ANALYSIS BY SIZE OF HOLDINGS

Size of Shareholdings	No. of Shareholders/ Depositors	Holder Percentage	No. of Shares/ Securities	Holding Percentage
1 - 99	416	12.260	12,864	0.012
100 - 1,000	573	16.887	351,157	0.346
1,001 - 10,000	1,668	49.160	7,052,002	6.966
10,001 - 100,000	615	18.125	20,194,282	19.949
100,001 - 5,061,259	120	3.536	59,278,567	58.561
5,061,260 and above	1	0.029	14,336,328	14.162
Total	3,393	100	101,225,200	100

ANALYSIS OF SHAREHOLDINGS

AS AT 21ST MARCH 2023

TOP THIRTY (30) SHAREHOLDERS

No.	Name	Shares	Percentage
1	Padujade Corporation Sdn Bhd	14,336,328	14.162
2	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad Exempt An For AHAM Asset Management Berhad (TSTAC/CLNTT)	4,795,000	4.736
3	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad for Chiau Haw Choon (SMART)	2,500,000	2.469
4	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Beng Teik (MY2975)	2,500,000	2.469
5	Dato' Sri Mohd Hilmey Bin Mohd Taib	2,452,000	2.422
6	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Dato' Ong Choo Meng	2,363,100	2.334
7	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Beng Teik	2,000,000	1.975
8	Ngooi Chiu Sein	1,837,900	1.815
9	Public Invest Nominees (Tempatan) Sdn Bhd Exempt An for Phillip Securities Pte Ltd (Clients)	1,573,000	1.553
10	Dato' Sri Mohd Hilmey Bin Mohd Taib	1,334,484	1.318
11	Ong Chui Li	1,260,000	1.244
12	UOB Kay Hian Nominees (Tempatan) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)	1,170,000	1.155
13	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Raymond Cheah Sin Beng (7005439)	1,098,500	1.085
14	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Chiau Haw Choon	1,092,000	1.078
15	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Chee Siang	1,024,000	1.011
16	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tee Tiam Hock (7009898)	1,000,000	0.987
17	Tan Yan Ching	1,000,000	0.987
18	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chong Wan Fun (6000627)	941,000	0.929
19	Yamato Toshihiro	910,100	0.899
20	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yap Wai Leong	790,000	0.780
21	Soo Ai Lin	782,000	0.772
22	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Palany Andavar A/L Pitchamuthu	752,500	0.743
23	Hau Mun Meng	704,100	0.695



ANALYSIS OF SHAREHOLDINGS

AS AT 21ST MARCH 2023

No.	Name	Shares	Percentage
24	Ngooi Chiu Ing	695,100	0.686
25	Siah Wang Choon	620,000	0.612
26	Liew Fook Meng	593,000	0.585
27	AMSEC Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chiau Haw Choon	585,000	0.577
28	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Chua Soah Sen (7003111)	573,000	0.566
29	Lizalina Chew Sin Wei	520,000	0.513
30	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ong Soon Ho	500,000	0.493
Total		52,302,112	51.669

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Eighth Annual General Meeting (“28th AGM”) of HeiTech Padu Berhad (“the Company”) will be held as a fully virtual meeting via live streaming and online remote voting from the broadcast venue at TITAN 1, HeiTech Village 2, No 1, Jalan Astaka U8/81, Seksyen U8, 40150 Shah Alam, Selangor (“Broadcast Venue”) on Thursday, 22 June 2023 at 10:30 a.m. for the following purposes:-

Ordinary Business

- | | | |
|----|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of Directors and the Auditors thereon. | Please refer to the Explanatory Note 1 |
| 2. | To approve the payment of Directors’ Fees, amounting to RM240,000 for the financial year ended 31 December 2022. | Resolution 1 |
| 3. | To approve the payment of a portion of Directors’ fees payable up to an amount of RM460,000 from 1 January 2023 until the conclusion of the next Annual General Meeting. | Resolution 2 |
| 4. | To approve the payment of Directors’ benefits for the period from 23 June 2023 until the conclusion of the next Annual General Meeting. | Resolution 3 |
| 5. | To re-elect the following Directors who are retiring by rotation in accordance with Article 82 of the Company’s Constitution: -
(i) Tan Sri Dato’ Sri Abi Musa Asa’ari Bin Mohamed Nor
(ii) Encik Sulaiman Hew Bin Abdullah
(iii) Datuk Mohd Radzif Bin Mohd Yunus | Resolution 4
Resolution 5
Resolution 6 |
| 6. | To re-appoint Messrs. Al Jafree Salihin Kuzaimi PLT (Salihin) as Auditors for the ensuing year and to authorise the Directors to fix their remuneration. | Resolution 7 |

Special Business:

To consider and, if thought fit, to pass the following Resolutions with or without modifications:-

- | | | |
|----|---|---------------------|
| 7. | Ordinary Resolution
Authority to Allot and Issue Shares pursuant to Section 75 and 76 of the Companies Act, 2016 | Resolution 8 |
|----|---|---------------------|

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby authorised to issue shares of the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed 10% of the total issued capital of the Company for the time being AND THAT the Directors be and also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad AND THAT such authority shall continue in force until the conclusion of the next AGM of the Company.”

NOTICE OF
ANNUAL GENERAL MEETING

8. **Ordinary Resolution**
Retention of Encik Sulaiman Hew Bin Abdullah as Independent Non-Executive Director **Resolution 9**

“THAT approval be and is hereby given to Encik Sulaiman Hew Bin Abdullah, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance.”

9. **Ordinary Resolution**
Retention of Puan Wan Ainol Zilan Binti Abdul Rahim as Independent Non-Executive Director **Resolution 10**

“THAT approval be and is hereby given to Puan Wan Ainol Zilan Binti Abdul Rahim, who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years to continue to act as an Independent Non-Executive Director of the Company in accordance with the Malaysian Code on Corporate Governance.”

10. To transact any other business of which due notice shall have been given in accordance with the Act.

By Order of the Board
HEITECH PADU BERHAD

ZAINAL AMIR BIN AHMAD (LS0010080)
AMIR ZAHINI BIN SAHRIM (MAICSA 7034464)

Company Secretaries

Selangor
18 April 2023

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. IMPORTANT NOTICE

An online meeting platform used to conduct the meeting can be recognised as the meeting venue as required under Section 327 (2) of the Companies Act, 2016 provided that the online platform is located in Malaysia.

Shareholders are to attend, speak (including posing questions to the Board via real-time submission of typed texts) and vote (collectively, "participate") remotely at the 28th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at <https://tiih.online>. **Please follow the Procedures for RPV in the Administrative Guideline** and take note of **Notes (2) to (12) below in order to participate remotely via RPV**.

2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 15 June 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV. Where there are two (2) proxies, the number of shares to be represented by each proxy must be stated.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where the appointment is executed by a corporation, it must be either under its Common Seal or the hand of its officer or attorney duly authorized.
7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV must request his/her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. **Please follow the procedures for RPV in the Administrative Guideline**.
8. The appointment of proxy may be made in hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - a) **Hard copy form**
In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - b) **Electronic form**
The form of proxy can be electronically submitted via Tricor's TIIH Online website at <https://tiih.online>. Kindly refer to the Procedure for Electronic Submission of Form of Proxy.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is **Tuesday, 20 June 2023 at 10.30 a.m.**
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to the vote by way of a poll. Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll.

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY NOTES TO THE AGENDA

1. This Agenda item is meant for discussion only, as the provision of Section 340(1)(a) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements and Reports financial year ended 31 December 2022. Hence, this Agenda is not put forward for voting.
2. There is no increase on Directors' fees for the financial year ended 31 December 2022 for Ordinary Resolution 1. The Board subsequently approved the Nomination and Remuneration Committee's recommendation for the Directors' fees in HeiTech Board and Committees to remain unchanged in respect of the financial year ended 31 December 2022.
3. The proposed Ordinary Resolution 2, if passed will allow the Company to pay a portion of Directors' fees of RM30,000 per annum to the Non-Executive Directors until the conclusion of the 28th AGM. On the recommendation from Nomination and Remuneration Committee, the Board approved the revised Directors' fees for HeiTech Board and Committees, to be revised to RM40,000 per annum for the Non-Executive Directors and additional RM5,000 per annum for each of the Chairman of Committee from 23 June 2023 until the next AGM of the Company.

The breakdown is as follows:-

	Fees per annum from 1 January 2023 until 22 June 2023	Revised fees per annum from 23 June 2023 until the next AGM
Chairman	RM30,000	RM40,000
Non-Executive Directors	RM30,000	RM40,000
Chairman of Board Committee	-	RM5,000

4. Benefits payable from 23 June 2023 until the conclusion of the next AGM of the Company

The amount of Directors' benefits payable to Non-Executive Directors comprise meeting allowances from this AGM until the conclusion of the next AGM of the Company pursuant to the Act which shareholders' approval will be sought at this 28th AGM in accordance with Section 230(1) of the Act.

The Directors' benefits payable to the Non-Executive Directors until the next Annual General Meeting of the Company is calculated based on the current composition of the Board and Board Committees and the number of meetings scheduled for the Board and Board Committees.

Resolution 3 on the payment of Directors' benefits for the period from 23 June 2023 until the next Annual General Meeting of the Company, sets out in the manner below:-

Meeting allowances (Per Meeting)	Chairman	Member
Chairman Monthly Allowance	RM 3,000	-
Board of Directors Meeting	RM 2,500	RM2,000
Audit Committee Meeting	RM 2,500	RM2,000
Risk Management Committee Meeting	RM 2,500	RM2,000
Nomination & Remuneration Committee Meeting	RM 2,500	RM2,000
Integrity & Whistleblowing Board Committee Meeting	RM 2,500	RM2,000

NOTICE OF ANNUAL GENERAL MEETING

5. Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016

The proposed Ordinary Resolution 8, if approved, will authorise the Directors to issue shares (other than bonus or rights issue) in the Company up to an aggregate amount of not exceeding 10% of the issued capital of the Company without convening a general meeting. The approval is sought to avoid any delay and costs involved in convening a general meeting for such issuance of shares. The authority will expire at the next AGM of the Company.

As at the date of Notice, no shares were issued pursuant to the mandate granted to the Directors at the last AGM held on 23 June 2022 which will lapse at the conclusion of the 28th AGM.

The purpose of the renewal of general mandate is for possible fund-raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions and/or as consideration for acquisitions.

6. Resolutions 9 and 10 - Retention of Independent Non-Executive Directors

i. Encik Sulaiman Hew Bin Abdullah

The Nomination Committee of Company has assessed the independence of Encik Sulaiman Hew Bin Abdullah who has served for a cumulative term of more than nine (9) years and is satisfied that he will continue to bring independent views to the Board. He has a good understanding of the business of the Company and his knowledge and experience would continue to provide invaluable contribution to the Board.

The Board upon the recommendation from the Nomination Committee of the Company recommends him to continue to act as Independent Non-Executive Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice 5.3 of Malaysian Code on Corporate Governance 2021.

ii. Puan Wan Ainol Zilan Binti Abdul Rahim

The Nomination Committee of Company has assessed the independence of Puan Wan Ainol Zilan Binti Abdul Rahim who has served for a cumulative term of more than nine (9) years and is satisfied that she will continue to bring independent views to the Board. She has a good understanding of the business of the Company and her knowledge and experience would continue to provide invaluable contribution to the Board.

The Board upon the recommendation from the Nomination Committee of the Company recommends her to continue to act as Independent Non-Executive Director of the Company subject to the approval from the shareholders of the Company through a two-tier voting process pursuant to Practice 5.3 of Malaysian Code on Corporate Governance 2021.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the profile of the Directors who are standing for re-appointment and re-election are set out on the pages 86 to 94 of the Annual Report and the details of the Directors' shareholdings in the Company, are set out on the pages 225 to 227 of the Annual Report.



ADMINISTRATIVE GUIDE

FOR THE 28TH ANNUAL GENERAL MEETING (“28TH AGM”) OF HEITECH PADU BERHAD (“HEITECH” OR “THE COMPANY”)

Date	: Thursday, 22 June 2023
Time	: 10.30 a.m.
Broadcast Venue	: TITAN 1, HeiTech Village 2, No 1, Jalan Astaka U8/81, Seksyen U8, 40150 Shah Alam, Selangor
Online Meeting Platform	: TIIH Online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn. Bhd. in Malaysia

MODE OF MEETING

1. In line with the Government of Malaysia’s directive and the revised Guidance Note and Frequently Asked Questions (“**FAQs**”) on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7th April 2022, the 28th AGM of the Company will be conducted on a Fully Virtual basis through live streaming and online remote voting from the broadcast venue using Remote Participation and Voting (“**RPV**”) facilities provided by the Company’s Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. (“**Tricor**”).
2. The Broadcast Venue of the 28th AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016, whereby the main venue of the meeting shall be in Malaysia and the Chairman of the Meeting shall be present at the main venue of the Meeting.
3. Shareholders/proxy(ies) from the public WILL NOT BE ALLOWED to attend the 28th AGM in person at the Broadcast Venue on the day of the Meeting.

RPV FACILITIES

1. Shareholder(s) are able to attend virtually, speak (in the form of real time submission of typed texts) and vote (collectively, “participate”) remotely at the 28th AGM using the RPV provided by Tricor via its TIIH Online website at <https://tiih.online>. Please refer to the Procedures for RPV contained herein for more information.
2. A shareholder who has appointed a proxy(ies) or authorised representative(s) or attorney(s) to participate at the 28th AGM via the RPV must request his/her proxy(ies) or authorised representative(s) or attorney(s) to register himself/herself for RPV at the TIIH Online website at <https://tiih.online>. Please refer to the Procedure for RPV contained herein for more information.

PROCEDURES FOR RPV

Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) who wish to participate in 28th AGM will need to follow the requirements and procedures as summarised below:-

Procedure		Action
BEFORE THE AGM DAY		
(a)	Sign-up as a user with TIIH Online	<ul style="list-style-type: none"> • If you have not registered as a user of TIIH Online, please refer to the tutorial guide posted on Tricor’s TIIH Online website for assistance to sign up. Registration as a user will be approved within one working day and you will be notified via email. • If you are already a registered user with TIIH Online, you do not need to register again. You will receive an e-mail from Tricor notifying that the remote participation for the 28th AGM is available for registration on TIIH Online.

ADMINISTRATIVE GUIDE

FOR THE 28TH ANNUAL GENERAL MEETING (“28TH AGM”) OF HEITECH PADU BERHAD (“HEITECH” OR “THE COMPANY”)

Procedure		Action
BEFORE THE AGM DAY		
(b)	Submit your registration for RPV	<ul style="list-style-type: none"> Shareholder(s) or proxy(ies) or corporate representative(s) or attorney(s) are required to pre-register their attendance for the 28th AGM to ascertain their eligibility to participate at the 28th AGM using the RPV. Registration is open from Tuesday, 18 April 2023 until the day of 28th AGM, Thursday, 22 June 2023. To register for RPV, visit the TIIH Online website and login with your user ID (i.e. email address) and password and select the corporate event: “(REGISTRATION) HEITECH PADU BERHAD 28TH AGM” Read and agree to the Terms & Conditions and confirm the Declaration. Select “Register for Remote Participation and Voting”. Review your registration and proceed to register. The system will send an email to notify you that your registration for remote participation is received and will be verified. After verification of your registration against the General Meeting Record of Depositors dated 15 June 2023, the system will send you an email to approve or reject your registration for remote participation and the procedures to use the RPV will be detailed therein. In the event your registration is not approved, you will also be notified via email. <p><i>(Note: Please allow sufficient time for approval as a new user of TIIH Online as well as the registration for RPV in order for you to log into TIIH Online and participate in the 28th AGM)</i></p>
ON THE AGM DAY		
(a)	Login to TIIH Online	<ul style="list-style-type: none"> To participate in the 28th AGM, visit the TIIH Online website and log in with your user ID (i.e. email address) and password at any time from 9.30 a.m. i.e. 1 hour before the commencement of the 28th AGM on Thursday, 22 June 2023 at 10.30 a.m.
(b)	Participate through Live Streaming	<ul style="list-style-type: none"> Select the corporate event: “(LIVE STREAMING MEETING) HEITECH PADU BERHAD 28TH AGM” to engage in the proceedings of the 28th AGM. If you have any questions for the Chairman/ Board, you may use the query box to transmit your question. The Chairman/ Board will endeavor to respond to all questions submitted during the 28th AGM
(c)	Online Remote Voting	<ul style="list-style-type: none"> The voting session will commence from 10.30 a.m. on Thursday, 22 June 2023 until a time when the Chairman announces the end of the session. To submit your vote, on the TIIH Online website, select the corporate event: “(REMOTE VOTING) HEITECH PADU BERHAD 28TH AGM” or if you are in the live stream meeting page, you can select the “GO TO REMOTE VOTING PAGE” button, located below the query box. Read and agree to the Terms & Conditions and confirm the Declaration. Select the CDS account that represents your shareholdings. Indicate your votes for the resolutions that are tabled for voting. Confirm and submit your votes.
(d)	End of remote participation	Upon the announcement by the Chairman on the closure of the 28 th AGM, the live streaming will end.



ADMINISTRATIVE GUIDE

FOR THE 28TH ANNUAL GENERAL MEETING (“28TH AGM”) OF HEITECH PADU BERHAD (“HEITECH” OR “THE COMPANY”)**Note to users of the RPV facilities:**

1. Should your registration for the RPV be approved, we will make available to you the rights to join the live streamed meeting and to vote remotely. Your login to TIIH Online on the day of meeting will indicate your presence at the virtual meeting.
2. The quality of your connection to the live broadcast is dependent on the bandwidth and stability of the internet connection at your location and the device you use.
3. In the event you encounter any issues logging in, connecting to the live streamed meeting or voting online on the day of the meeting, kindly call the Tricor Help Line at 011-40805616/ 011-40803168/ 011-40803169/ 011-40803170 or email to tiih.online@my.tricorglobal.com for assistance.

ENTITLEMENT TO PARTICIPATE AND VOTE

1. Only shareholders whose names appear on the Record of Depositors as of 15 June 2023 shall be entitled to attend the 28th AGM or appoint proxy(ies) to attend and/ or vote on his/ her behalf. A shareholder will not be allowed to participate at the meeting if his/ her proxy(ies) has/ have been registered to participate in the meeting.
2. If a shareholder is unable to participate in the 28th AGM, he/ she may also appoint the Chairman of the meeting as his/ her proxy and indicate the voting instructions in the form of proxy.

APPOINTMENT OF PROXY OR CORPORATE REPRESENTATIVE OR ATTORNEY

1. The appointment of proxy(ies) may be submitted in hard copy form or electronically.

(i) In hard copy form

The form of proxy must be deposited with Tricor’s office at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

(ii) Electronic Form

The form of proxy can be electronically submitted via Tricor’s TIIH Online website at <https://tiih.online>. Kindly refer to the Procedure for Electronic Submission of Form of Proxy.

2. The form of proxy and power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited with Tricor not less than 48 hours before the time appointed for the taking of the poll or no later than **Tuesday, 20 June, 2023 at 10.30 a.m.**
3. Shareholders who have appointed proxy(ies) or authorised representative(s) or attorney(s) to participate in the 28th AGM must request his/her proxy(ies) or authorised representative(s) or attorney(s) to register himself/herself/themselves for the RPV at Tricor’s TIIH Online website at <https://tiih.online>.

ADMINISTRATIVE GUIDE

FOR THE 28TH ANNUAL GENERAL MEETING (“28TH AGM”) OF HEITECH PADU BERHAD (“HEITECH” OR “THE COMPANY”)

PROCEDURE FOR ELECTRONIC SUBMISSION OF FORM OF PROXY

The procedures to submit your form of proxy electronically via Tricor’s TIIH Online website are summarised below:

Procedure		Action
STEPS FOR INDIVIDUAL SHAREHOLDERS		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the TIIH Online website at https://tiih.online. Register as a user under the “e-Services”. Please refer to the tutorial guide posted on the homepage for assistance. If you are already a user with TIIH Online, you are not required to register again.
(b)	Proceed with submission of Form of Proxy	<ul style="list-style-type: none"> After the release of the Notice of Meeting by the Company, log in with your username (i.e. email address) and password. Select the corporate event: “Submission of Proxy Form”. Read and agree to the Terms & Conditions and confirm the Declaration. Insert your CDS account number and indicate the number of shares for your proxy(ies) to vote on your behalf. Appoint your proxy(ies) and insert the required details of your proxy(ies) or appoint the Chairman as your proxy. Indicate your voting instructions – FOR or AGAINST, otherwise your proxy(ies) will decide your vote. Review and confirm your proxy(ies) appointment. Print the form of proxy for your record.
STEPS FOR CORPORATION OR INSTITUTIONAL SHAREHOLDERS		
(a)	Register as a User with TIIH Online	<ul style="list-style-type: none"> Using your computer, please access the TIIH Online website at https://tiih.online. Under e-Services, the authorised or nominated representative of the corporation or institutional shareholder selects “Create Account by Representative of Corporate Holder”. Complete the registration form and upload the required documents. Registration will be verified, and you will be notified by email within one (1) to two (2) working days. Proceed to activate your account with the temporary password given in the email and re-set your own password. <p><i>(Note: The representative of a corporation or institutional shareholder must register as a user in accordance with the above steps before he/she can subscribe to this corporate holder electronic proxy submission. Please contact our Share Registrar if you need clarifications on the user registration.)</i></p>
(b)	Proceed with submission of form of proxy	<ul style="list-style-type: none"> Login to TIIH Online at https://tiih.online Select the corporate exercise name: “HEITECH PADU BERHAD 28TH AGM “Submission of Proxy Form”. Agree to the Terms & Conditions and Declaration. Proceed to download the file format for “Submission of Proxy Form” in accordance with the Guidance Note set therein. Prepare the file for the appointment of proxies by inserting the required data. Submit the proxy appointment file. Print the confirmation report of your submission for your record

**ADMINISTRATIVE GUIDE****FOR THE 28TH ANNUAL GENERAL MEETING (“28TH AGM”) OF HEITECH PADU BERHAD (“HEITECH” OR “THE COMPANY”)****POLL VOTING**

1. The voting at the 28th AGM will be conducted by poll in accordance with Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The Company has appointed Tricor as Poll Administrator to conduct the poll by way of electronic voting (e-voting) and Sky Corporate Services Sdn Bhd as the Scrutineers to verify the poll results.
2. Shareholders or proxy(ies) or corporate representative(s) or attorney(s) may proceed to vote on the resolutions at any time from **10.30 a.m. on Thursday, 22 June 2023** until the end of the voting session which will be announced by the Chairman of the meeting. Kindly refer to the Procedures of RPV for guidance on how to vote remotely from Tricor’s TIIH Online website at <https://tiih.online>.
3. Upon completion of the voting session for the 28th AGM, the Scrutineers will verify the poll results followed by the Chairman’s declaration on whether the resolutions are duly passed.

PRE-MEETING SUBMISSION OF QUESTION TO THE BOARD OF DIRECTORS

1. Shareholders may submit questions for the Board in advance of the 28th AGM via Tricor’s TIIH Online website at <https://tiih.online> by selecting “e-Services” to log in and submit questions no later than Tuesday, 20 June 2023 at 10.30 a.m.
2. The Board will endeavour to answer the questions received at the 28th AGM.

BREAKFAST/ LUNCH PACK/ DOOR GIFT/ FOOD VOUCHER

There will be no distribution of breakfast or lunch packs, vouchers(s) or door gifts(s) to shareholders/ proxy(ies) who participate in the 28th AGM.

The Board would like to thank all its shareholders for their kind co-operation and understanding on this matter.

NO RECORDING OR PHOTOGRAPHY

Unauthorised recording and photography are strictly prohibited at the 28th AGM of the Company.

ENQUIRY

If you have any enquiries on the above, please contact our Share Registrar, Tricor or HeiTech Padu Berhad, during office hours on Mondays to Fridays from 9.00 a.m. to 5.30 p.m. (except on public holidays):

Tricor Investor & Issuing House Services Sdn. Bhd.

General Line : +603-2783 9299
Fax Number : +603-2783 9222
Email : is.enquiry@my.tricorglobal.com

HeiTech Padu Berhad

Company Secretary email : cosec@heitech.com.my
Contact persons : Cik Nur Syahirah Binti Aziz
+603-8601 3125
Cik Nur’Atiqah Binti Mohd Bakri
+603-8601 3129

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FORM OF PROXY



HeiTech Padu Berhad

Company No. 199401024950 (310628-D)

No. of shares held	CDS Account No.

I/We _____ (NRIC No.: _____)

of _____

being a member of HeiTech Padu Berhad hereby appoint _____

_____ (NRIC No.: _____)

of _____

or failing him _____ (NRIC No.: _____)

of _____

or failing him/her, *Chairman of Meeting* as my/our proxy to attend and vote for me/us on my/our behalf at the Twenty-Eighth (28th) Annual General Meeting of the Company to be held virtual basis through online via our Share Registrar's website at <https://tiah.online/> in Malaysia on Thursday, 22 June 2023 at 10.30 a.m. or any adjournment thereof.

My/our proxy is to vote as indicated below.

No.	Resolution	For	Against
1	Approval on the payment of Directors' fees, amounting to RM240,000 in respect of the financial year ended 31 December 2022.		
2	To approve the payment of a portion of Directors' fees payable up to an amount of RM460,000 from 1 January 2023 until the conclusion of the next Annual General Meeting.		
3	To approve the payment of Directors' benefit for the period from 23 June 2023 until the conclusion of the next Annual General Meeting.		
4	Re-election of Tan Sri Dato' Sri Abi Musa Asa'ari Bin Mohamed Nor.		
5	Re-election of Encik Sulaiman Hew Bin Abdullah.		
6	Re-election of Datuk Mohd Radzif Bin Mohd Yunus.		
7	Re-appointment of Messrs. Al Jafree Salihin Kuzaimi PLT (Salihin) as Auditors for the ensuing year and to authorize the Directors to fix their remuneration.		
8	Proposed authority for Directors to issue and allot shares in the Company pursuant to Section 75 and 76 of the Companies Act, 2016.		
9	Retention of Encik Sulaiman Hew Bin Abdullah as Independent Non-Executive Director.		
10	Retention of Puan Wan Ainol Zilan Binti Abdul Rahim as Independent Non-Executive Director.		

Please indicate with an "X" in the space provided, how you wish your vote to be cast. If you do not do so, the proxy will vote or abstain from voting at his discretion.

Dated this _____ day of _____ 2023

Signature/Common Seal of Appointor

For the appointment of two (2) proxies, the number of shares and percentages of shareholding to be represented by each proxy:

	No. of Shares	% of shareholding
Proxy 1		
Proxy 2		
Total		100%

Notes:

1. Please refer to the Administrative Guide for the procedures to register, participate and vote at the virtual meeting. The Broadcast Venue is strictly to comply with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be physically present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the 28th AGM in person at the Broadcast Venue on the day of the meeting. Therefore, shareholders are strongly advised to participate and vote remotely at the 28th AGM through live streaming and online remote voting via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its TIIH Online website at <https://tiih.online>. **Please follow the Procedures for RPV in the Administrative Guidelines** and take note of **Notes (2) to (12) below in order to participate remotely via RPV**.
2. For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the Record of Depositors as at 15 June 2023. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM.
3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/ her place. A proxy may but need not be a member of the Company.
4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV. Where there are two (2) proxies, the number of shares to be represented by each proxy must be stated.
5. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.
6. Where the appointment is executed by a corporation, it must be either under its Common Seal or the hand of its officer or attorney duly authorized.
7. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this AGM via RPV must request his/ her proxy to register himself/herself for RPV at TIIH Online website at <https://tiih.online>. Please follow the procedures for RPV in the Administrative Guidelines.

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STAMP

SHARE REGISTRAR
TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A, Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur, Malaysia

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8. The appointment of proxy may be made in hard copy form in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:
 - a) Hard copy form
The proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.
 - b) Electronic form
The form of proxy can be electronically submitted via Tricor's TIIH Online website at <https://tiih.online>. Kindly refer to the Procedure for Electronic Submission of Form of Proxy.
9. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.
10. Last date and time for lodging the proxy form is Tuesday, 20 June 2023 at 10.30 a.m.
11. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
12. Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all the Resolutions set out in this Notice will be put to the vote by way of a poll. Independent Scrutineers will be appointed to conduct the polling process and to verify the results of the poll.

HEITECH PADU BERHAD

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